

Final Terms dated 17 April 2014

PALLADIUM SECURITIES 1 S.A.

(incorporated as a public limited liability company (société anonyme) under the laws of the Grand Duchy of Luxembourg with its registered office at 2, boulevard Konrad Adenauer, L-1115 Luxembourg, registered with the Luxembourg trade and companies register under number B 103.036 and subject to the Luxembourg Act dated 22 March 2004, as amended)

(acting in respect of Compartment 135-2014-10)

Up to EUR 200,000,000 Fixed to Floating Rate Instruments

(together “**Instruments**”) due 2021

Issue Price: 100 per cent.

Programme for the issuance of Secured Notes

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be as defined in the General Conditions set out in the Base Prospectus dated 25 July 2013 (as supplemented by a supplement dated 29 August 2013, a supplement dated 16 January 2014 and a supplement dated 12 March 2014, together a “**Base Prospectus**” for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) (and amendments thereto, including the 2010 PD Amending Directive)), in respect of asset backed securities issued by the Issuer. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of Instruments is only available on the basis of a combination of these Final Terms and the Base Prospectus as so supplemented. A summary of the individual issue of the Instruments is annexed to these Final Terms. The Base Prospectus and the supplements are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained free of charge during normal business hours from the offices of the Luxembourg listing and paying agent (Deutsche Bank Luxembourg SA, 2 boulevard Konrad Adenauer, L-1115 Luxembourg) and at the registered office of the Issuer (Palladium Securities 1 S.A., 2 boulevard Konrad Adenauer, L-1115 Luxembourg).

1	Aggregate Nominal Amount of Instruments being issued and (if different) Aggregate Nominal Amount of Instruments being admitted to trading:	Up to EUR 200,000,000
2	Specified Denomination:	EUR 1,000
3	Series Number:	135
4	Specified Currency or Currencies:	Euro (“EUR”)
5	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6	Calculation Amount per Instrument:	EUR 1,000
7	(i) Issue Date:	16 May 2014
	(ii) Primary Market End Date:	13 May 2014 or, if such day is not a Business Day, the first succeeding Business Day
8	(i) Collateral Maturity Postponement Adjustment:	Not Applicable – the Maturity Date is specified in paragraph 8(ii) below
	(ii) Maturity Date:	15 September 2021
9	Interest Basis:	For each Interest Period commencing on and after the Issue Date and ending prior to the Interest Rate Switch Date, 3.00 per cent. per annum Fixed Rate For each Interest Period commencing on and after the Interest Rate Switch Date, EURIBOR Floating Rate
10	Change of Interest Basis:	Applicable – the method by which Interest is determined shall alter on a specified Interest Rate Switch Date
	Interest Rate Switch Date(s):	16 May 2016 For each Interest Period commencing on and after the Issue Date and ending prior to the Interest Rate Switch Date, the Interest Basis 3.00 per cent. per annum Fixed Rate For each Interest Period commencing on and after the Interest Rate Switch Date, the Interest Basis is EURIBOR Floating Rate
11	Authorisation:	The issue of the Instruments has been authorised by the board of directors of the Issuer on 17 April 2014
12	Multiple Collateral Issue:	Not Applicable
13	Hedging Counterparty right to replace Trustee:	Applicable

Provisions Relating to Interest

14A	Type of Interest:	Fixed Rate
	(i) Interest Rate:	3.00 per cent. per annum payable in arrear annually.
	(ii) Interest Payment Date(s):	The Interest Payment Dates are 16 May in each year from and including 16 May 2015 to and including the Interest Rate Switch Date or if such day is not a Payment Day the next following Payment Day

	(iii)	Interest Accrual Dates(s):	The Interest Accrual Dates are 16 May in each year from and including 16 May 2015 to and including the Interest Rate Switch Date
	(iv)	Fixed Amount(s):	The Interest Amount in respect of each Interest Period is EUR 30.00
	(v)	Day Count Fraction:	30/360
	(vi)	Determination Date(s):	Not Applicable
	(vii)	Interest Component Adjustment:	Not Applicable
14B		Type of Interest:	Floating Rate
	(i)	Interest Rate:	The sum of (i) the Relevant Rate and (ii) the Margin, subject to a Minimum Interest Rate and a Maximum Interest Rate.
	(ii)	Specified Period(s)/Interest Payment Dates/Specified Duration:	The Interest Payment Dates are 16 May in each year from and including 16 May 2017 up to and including 16 May 2021 and the Maturity Date or, if such day is not a Payment Day, the next following Payment Day The Specified Duration for the purposes of the Relevant Rate is 12 months
	(iii)	Interest Accrual Dates(s):	The Interest Accrual Dates are 16 May in each year from and including the Interest Rate Switch Date up to and including 16 May 2021 and the Maturity Date
	(iv)	Interest calculation method for short or long Interest Periods:	The applicable Relevant Rate on the Interest Determination Date
	(v)	Business Day Convention:	Not Applicable
	(vi)	Business Day(s):	London, TARGET2 and Luxembourg
	(vii)	Relevant Financial Centre:	London
	(viii)	Margin(s):	0 per cent. per annum
	(ix)	Relevant Rate:	Benchmark Rate
	(x)	Benchmark Rate:	EURIBOR
	(xi)	Method of determining Relevant Rate:	Screen Rate Determination
	(xii)	Interest Component Adjustment:	Not Applicable
	(xiii)	Structured Floating Rate:	Not Applicable
	(xiv)	Minimum Interest Rate:	The Minimum Interest Rate is 1.70 per cent. per annum
	(xv)	Maximum Interest Rate:	The Maximum Interest Rate is 4.00 per cent. per annum
	(xvi)	Day Count Fraction:	30/360
	(xvii)	Interest Determination Date(s):	The Interest Determination Date in respect of each Interest Period is the day falling two Banking Days prior to the start of such Interest Period
	(xvii)	Banking Days:	London and TARGET2

Provisions Relating to Redemption

15	Issuer Call Option:	Not Applicable – The Issuer is not entitled to call the Instruments early
16	Collateral Put/Call Redemption Event:	Not Applicable – The Collateral Obligor has no option to redeem the Collateral in accordance with its terms
17	Early Redemption on Cessation of Publication:	Not Applicable
18	Early Termination Amount:	
	(i) Early Termination Amount inclusive of accrued interest:	Yes: no additional amount in respect of accrued interest to be paid
	(ii) Early Termination Interest Period:	Not Applicable.
19	Collateral Matched Grace Period:	Not Applicable – The Grace Period will be as defined in the Base Prospectus

Provisions Relating to Series Assets

20	(i) Principal terms of the Collateral:	
	- Collateral Obligor (full legal name, registered address):	Italian Republic SENATO DELLA REPUBBLICA Piazza Madama 00186 – Roma Italy
	- Rating of the Collateral Obligor (by specified Rating Agency(ies))	Baa2 (Moody's) BBB+ (Fitch)
	- Country of incorporation of the Collateral Obligor:	Italy
	- Nature of Business:	The Collateral Obligor is a sovereign country in South-Central Europe. To the north, it borders France, Switzerland, Austria, and Slovenia along the Alps. To the south, it consists of the entirety of the Italian Peninsula, Sicily, Sardinia and many other smaller islands
	- Market on which the Collateral Obligor has securities admitted to trading:	The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana. Further information on the Collateral Obligor can be found on its website: http://www.senato.it/index.htm
	- Collateral Guarantor:	Not Applicable
	- Collateral Support Provider:	Not Applicable
	- Legal Nature of the Collateral:	The Collateral (ISIN: IT0004604671) will comprise debt securities. The Collateral is in book-entry form. Such debt securities are of a type which in normal market conditions may be readily realised in the international capital markets, if necessary by or on behalf of the Trustee in a situation

where the security for the Instruments is realised or enforced
The Collateral is a senior unsecured debt obligation of the Collateral Obligor

- Collateral Support: Not Applicable
- Regular Payments on the Collateral and Currency: Interest on the Collateral is calculated with reference to an inflation index and is payable by the Collateral Obligor on 15 March and 15 September in each year up to and including the maturity date of the Collateral. The Collateral shall be repaid by the Collateral Obligor on the maturity date of the Collateral at an amount calculated with reference to an inflation index
The Collateral is denominated in EUR
- Issue Date of the Collateral: 15 March 2010
- Maturity Date or Expiry Date of Collateral: 15 September 2021
- Amount of Collateral: A nominal amount equal to the Aggregate Nominal Amount of the Instruments. The ratio between the amount of Collateral and the principal amount of the Instruments is 1/1
- Overall Issue Size of the Collateral: EUR 16,390,420,000
- Date of transfer of the Collateral: The Issue Date, 16 May 2014
- Method of creation of the Collateral: The Collateral was issued by the Collateral Obligor pursuant to a decree of the Italian Ministry of Finance or under its programme for the issuance of debt securities
- Material relationships between the Issuer and any Collateral Obligor: Not Applicable, there are no material relationships between the Issuer and any Collateral Obligor
- Description of the Collateral, if the Collateral comprises equity securities that are admitted to trading on a regulated or equivalent market: Not Applicable, the Collateral does not comprise equity securities
- Governing law of the Collateral: Italian
- (ii) Series Assets: Collateral
Issuer's rights under Hedging Agreement dated Issue Date and Agency Agreement dated Issue Date
- Originator of the Collateral: Deutsche Bank AG, London Branch, which is the London branch of Deutsche Bank Aktiengesellschaft ("DB AG").
Deutsche Bank AG, London Branch's address is Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

Deutsche Bank AG, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom it conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

DB AG is the parent company of a group consisting of banks, capital markets companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies.

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| 21 | (i) Hedging Agreement: | Applicable – the Issuer shall enter into a Hedging Agreement with the Hedging Counterparty in connection with the Instruments |
| | (ii) Option Premium: | Not Applicable |
| | (iii) Credit Support Document | Applicable – a Credit Support Annex shall be entered into in connection with the Hedging Agreement |
| | (iv) Method of Collateral Posting: | 1-Way Hedging Collateral Posting – only the Hedging Counterparty may be required to post eligible credit support under the Credit Support Document |
| 22 | Security Ranking Basis: | Hedging Counterparty Priority Basis |

General Provisions Applicable to the Instruments

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| 23 | Form of Instruments: | Temporary Global Instrument exchangeable for a Permanent Global Instrument, which, in accordance with the terms of that Permanent Global Instrument, is exchangeable for Instruments in definitive form only in the limited circumstances as contemplated therein |
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Agents and Other Parties

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| 24 | Custodian Account Details: | Euroclear account number 91622 at Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB. |
| 25 | Servicer: | Not Applicable – there will be no Servicer appointed with respect to the Instruments |
| 26 | Calculation Agent: | Deutsche Bank AG, London Branch, which is the London branch of DB AG, is the Calculation Agent. The Calculation Agent's address is Winchester House, 1 Great Winchester Street, London, EC2N 2DB. The Calculation Agent is also the Hedging Counterparty. |

In the United Kingdom Deutsche Bank AG, London Branch conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

DB AG is the parent company of a group consisting of banks, capital markets companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies

and other domestic and foreign companies.

The objects of DB AG, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. DB AG may realise these objectives itself or through subsidiaries and affiliated companies.

Calculation Agent's Responsibilities

The Calculation Agent is responsible for making any determination or calculation required to be made by it pursuant to the Conditions and performing such other duties as it may be required to perform pursuant to the Conditions.

Termination of Appointment of Calculation Agent and Appointment of Successor Calculation Agent

The appointment of the Calculation Agent will terminate forthwith, *inter alia*, if the Calculation Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy.

The Issuer may appoint a successor Calculation Agent and/or terminate the appointment of any Calculation Agent by giving at least 60 days' notice to that effect provided that no such termination of the appointment of the Calculation Agent shall take effect until a successor Calculation Agent has been appointed.

27	Paying Agent and Specified Office:	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom Deutsche Bank Luxembourg SA 2, boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
28	Listing Agent:	Deutsche Bank Luxembourg SA 2, boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
29	Common Depositary and Specified Office:	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom

Distribution

30	Application of TEFRA or TEFRA rules:	TEFRA D restrictions applicable
31	Total commission and concession:	Not Applicable

Miscellaneous

32 Separate Compartment:

A separate compartment has been created by the board of directors of the Company in respect of the Instruments ("Compartment 135-2014-10"). Compartment 135-2014-10 is a separate part of the Company's assets and liabilities. The Collateral (relating to the Instruments) is exclusively available to satisfy the rights of the holders of the Instruments (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of Compartment 135-2014-10, as contemplated by articles 5 and 9 of the articles of incorporation of the Company.

33 Type of Instruments:

Not Applicable

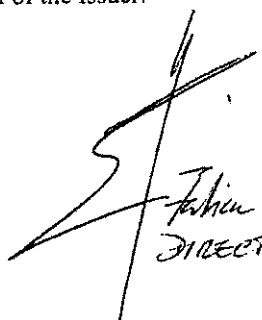
Signed on behalf of the Issuer:

By:


Duly authorised

Underwriting

Not applicable



Julien ROMAGNOL-BOUAGOS
DIRECTOR



Stéphane WEYENS
Director

Secondary Trading

Deutsche Bank Privat- und Geschäftskunden AG of Theodor-Heuss-Allee 72, 60486 Frankfurt am Main, Deutschland and Deutsche Bank AG of Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, each in its capacity as financial intermediary, may engage in subsequent resale or final placement of the securities in Germany during the period commencing on 22 April 2014 and ending on 13 May 2014.

PART B – OTHER INFORMATION

1 Listing and Admission to Trading

- (i) Listing: Luxembourg, the Freiverkehr of the Frankfurt Stock Exchange and the Freiverkehr of the Stuttgart Stock Exchange.
- (ii) Admission to trading: Application is expected to be made for the Instruments to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, and the unregulated markets of the Freiverkehr of the Frankfurt Stock Exchange and the Freiverkehr of the Stuttgart Stock Exchange with effect from the Issue Date or thereabouts.

2 Ratings

Ratings The Instruments to be issued have not been rated.

3 Notification

The CSSF has provided the competent authority of the Federal Republic of Germany with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

4 Interests of Natural and Legal Persons involved in the Issue

Save for any fees payable to the Arranger and the Distributors and as set out in the following paragraph, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.

The Arranger may at any time purchase Instruments. Any Instruments so purchased may be held or resold by the Arranger.

5 Estimated Net Proceeds and Total Expenses

- (i) Estimated net proceeds: The estimated net proceeds from the issue of the Instruments are up to EUR 200,000,000.
- The net proceeds will be used to acquire the Collateral comprised in the Series Assets, to pay for or enter into the Hedging Agreement and to pay expenses in connection with the administration of the Issuer.
- (ii) Estimated total expenses: The expenses related to the issue will be paid by the Hedging Counterparty.

6 Historic Interest Rates

Details of past and further performance of 12 month EURIBOR rates and their volatility can be obtained from Reuters Screen EURIBOR01 Page.

7 Operational Information

- (i) ISIN Code: XS1057380302

- (ii) Common Code: 105738030
- (iii) WKN: A1ZGUB
- (iv) Clearing Agent: Euroclear Bank SA/N.V. and/or
Clearstream, Luxembourg
- (v) Delivery: Delivery free of payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): Not Applicable – there are no additional Paying Agents

8 Terms and Conditions of the Offer

- (i) Total amount of the issue /offer: The Issuer will in its sole discretion determine the final amount of the Instruments to be issued (which will be dependent on the outcome of the offer), up to a limit of EUR 200,000,000. The precise Aggregate Nominal Amount of Instruments to be issued will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or around the Issue Date. Notice of the precise Aggregate Nominal Amount of Instruments to be issued will also be given to the CSSF.
- (ii) Maximum subscription amount/number of Instruments: The maximum allocation of Instruments will be subject only to availability at the time of the application.
- (iii) Subscription/Offering Period: The offer of the Instruments starts on 22 April 2014 and ends on 13 May 2014 (the “**Primary Market End Date**”). The Issuer reserves the right for any reason to reduce the number of Instruments offered.
- (iv) Cancellation of the issuance of Instruments: The Issuer reserves the right for any reason to cancel the issuance of Instruments.

Notice of such cancellation of the issuance of the Instruments will be made to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and in accordance with each Distributor’s usual procedures.
- (v) Early closing of the subscription of the Instruments: The Issuer reserves the right for any reason to close the Offering Period early. If the aggregate subscription of the Instruments at any time on any business day prior to the Primary Market End Date reaches EUR 200,000,000, the Issuer will close the subscription of the Instruments at such time on such business day, without prior notification.

Notice of early closure will be made to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
- (vi) Conditions to which the offer is subject: Offers of the Instruments are conditional on their issue. The Issuer will in its sole discretion determine the final amount of

Instruments issued up to a limit of EUR 200,000,000. The final amount that is issued on the Issue Date will be listed on the Official List of the Luxembourg Stock Exchange. Instruments will be allotted subject to availability in the order of receipt of investors' applications. The final Aggregate Nominal Amount of the Instruments 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 Instruments which have been agreed to be purchased as of the Primary Market End Date.

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| (vii) Description of the application process: | <p>The offer will be open during the Offering Period. Applications for the Instruments can be made in the Federal Republic of Germany at participating branches of Deutsche Bank Privat- und Geschäftskunden AG of Theodor-Heuss-Allee 72, 60486 Frankfurt am Main, Deutschland and Deutsche Bank AG of Taunusanlage 12, 60325 Frankfurt am Main, Deutschland (each a “Distributor” and together with any other entities appointed as a distributor in respect of the Instruments during the Offering Period, the “Distributors”). Applications will be in accordance with the relevant Distributor's usual procedures, notified to investors by the relevant Distributor. Amendments to the terms of the offer during the Subscription/Offering Period will be notified to investors by means of a notice published on the website of the Luxembourg Stock Exchange (www.bourse.lu), and in accordance with the relevant Distributor's usual procedures or, if required, by means of a supplement duly approved and published in accordance with applicable laws and regulations. Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer relating to the subscription for the Instruments.</p> <p>The Arranger has offered all of the Instruments to the Distributors at a price (the “Re-offer Price”) of 98.50 per cent. of the Aggregate Nominal Amount, a discount to the Issue Price equivalent to a maximum yearly fee of approximately 0.20 per cent. per annum thereon. The Offer Price is the price at which investors will subscribe for Instruments.</p> <p>The Re-offer Price reflects the discount on the Offer Price granted by the Arranger to the Distributors on the sale of the Instruments to the Distributor in satisfaction of the distribution-related fee agreed between the Arranger and the Distributors. Further information on the Re-Offer Price is available from Deutsche Bank, AG.</p> |
| (viii) Details of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | Not Applicable |
| (ix) Details of the method and time limits for paying up and delivering the Instruments: | Investors will be notified by the relevant Distributor of their allocations of Instruments and the settlement arrangements. The Instruments will be issued on the Issue Date against payment to the Issuer through the Distributors of the net subscription price. |

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| (x) | Manner in and date on which results of the offer are to be made public: | The Issuer will in its sole discretion determine the final amount of the Instruments to be issued (which will be dependent on the outcome of the offer), up to a limit of EUR 200,000,000. The precise Aggregate Nominal Amount of Instruments to be issued will be published on the Luxembourg Stock Exchange's website (www.bourse.lu) and filed with the CSSF in accordance with Article 10 of the Prospectus Act 2005 in each case on or around the Issue Date. |
| (xi) | Non-exempt Offer/ Public Offer Jurisdictions: | Offers may be made in the Federal Republic of Germany (the “ Public Offer Jurisdiction ”) by the Distributors during the Offering Period. In other EEA countries and in all jurisdictions (including the Public Offer Jurisdiction outside of the Offering Period), offers will only be made by the Distributors or the Arranger pursuant to an exemption from the obligation under the Prospectus Directive, as implemented in such countries, to publish a prospectus. |
| (xii) | Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: | Each investor will be notified by the relevant Distributor of its allocation of Instruments after the end of the Offer Period and before the Issue Date. No dealings in the Instruments may take place prior to the Issue Date. |
| (xiii) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | Not Applicable |
| (xiv) | Any countries in which the offer is simultaneously made and if a tranche has been reserved for certain of these and name(s) and address(es), to the extent known to the Issuer, of the Purchasers/distributors in the various countries where the offer takes place: | The offer is being made in the Public Offer Jurisdiction. The addresses of the Distributors in connection with the offer in the Public Offer Jurisdiction are Deutsche Bank Privat- und Geschäftskunden AG, Theodor-Heuss-Allee 72, 60486 Frankfurt am Main, Deutschland and Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Deutschland. |

ANNEX - ISSUE SPECIFIC 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 this type of securities and 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 the summary due to the type of securities and Issuer, 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”.

Section A – Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	Warnings	<p>This summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Instruments should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Instruments.</p>
A.2	Consent	<p>The Company consents to the use of the Base Prospectus in Austria, Belgium, Germany, Italy, Spain, Poland, Portugal, and Switzerland and accepts responsibility for the content of the Base Prospectus also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use the Base Prospectus. This consent is valid for 12 months from the date of publication of the Base Prospectus.</p> <p>Investors should be aware that information on the terms and conditions of the offer by any financial intermediary shall be provided at the time of the offer by the financial intermediary.</p>

Section B – Issuer

Element	Description of Element	Disclosure requirement
B.1	Legal and Commercial Name of the Issuer	Palladium Securities 1 S.A. (the “Company”) acting in respect of a specified compartment.
B.2	Domicile /Legal Form /Legislation	The Company is domiciled in Luxembourg and is a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of

	/Country of Incorporation	Luxembourg. It was incorporated in Luxembourg on 8 September 2004.
B.16	Control of Issuer	The Company has 181,818 ordinary shares, all of which are fully paid and are held by two companies, The Freesia Charitable Trust and Anson Fund Managers Limited, on trust for charitable purposes. Such holders have no beneficial interest in and derive no benefit (other than any expenses for acting as share trustee) from their holding of the issued shares. They will apply any income derived by them from the Company solely for charitable purposes.
B.17	Credit ratings	The Series of Instruments is unrated.
B.20	Special Purpose Vehicle	The Company is a special purpose vehicle for the purpose of issuing asset backed securities.
B.21	Principal activities and global overview of parties	<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>Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom or the replacement trustee (the "Replacement Trustee") selected by the Hedging Counterparty, in the event that the Hedging Counterparty elects in its sole and absolute discretion to appoint the Replacement Trustee as Trustee following the occurrence of a Replacement Event in accordance with the General Trust Terms as amended by the relevant Series Instrument, will act as trustee in respect of the Series of Instruments (the "Trustee"). Deutsche Bank AG, acting through its London Branch, located at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, will act as Arranger, Principal Agent and Paying Agent in respect of the Series of Instruments. Deutsche Bank Luxembourg S.A. will act as Custodian, Listing Agent and Luxembourg Paying Agent in respect of the Series of Instruments. Deutsche Trustee Company Limited, Deutsche Bank AG, acting through its London Branch and Deutsche Bank Luxembourg S.A. are each members of the Deutsche Bank Group.</p> <p>Deutsche Bank AG, acting through its London Branch will act as Hedging Counterparty, Calculation Agent, Selling Agent and/or Dealer.</p> <p>Deutsche Bank Aktiengesellschaft ("Deutsche Bank AG") is a banking institution and a stock corporation incorporated under the laws of Germany and has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.</p> <p>Deutsche Bank AG is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "Deutsche Bank Group").</p>
B.22	Operations	Not applicable. The Company has commenced operations and financial statements are available.

B.23	Key financial information	<p>The summary information below is extracted from the Issuer’s audited accounts as at 31 January 2012 and 31 January 2013:</p> <p>Total Assets:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 1,941,190,137 31 January 2013 – EUR 3,053,453,801</p> <p>Total Liabilities:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 1,941,190,137 31 January 2013 – EUR 3,053,453,801</p> <p>Total Charges:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 92,022,526 31 January 2013 – EUR 253,272,272</p> <p>Total income:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 92,022,526 31 January 2013 – EUR 253,272,272</p>
B.24	Material adverse change	Not applicable. There has been no material adverse change in the financial position or prospects of the Company since the date of the latest audited accounts dated 31 January 2013.
B.25	Description of underlying assets	<p>The Company acting in respect of one of its compartments (the “Issuer”) will use the proceeds from the issue of the Series of Instruments to purchase the Collateral which will form part of the Series Assets and enter into the Hedging Agreement. The Series Assets for the Compartment will include the proceeds of the issue of the Series of Instruments, the Collateral, the hedging agreement (the “Hedging Agreement”) between the Issuer and the hedging counterparty (“Hedging Counterparty”) in respect of the Series of Instruments, any hedging collateral and any proceeds from any relevant Hedging Agreement. See item B.28 below.</p> <p>The Series Assets have characteristics whereby, taken together, they demonstrate a capacity to produce funds to service the Issuer’s obligations to make payments due and payable under the Instruments.</p> <p>The Collateral for the Series of Instruments will consist of debt securities issued by the Italian Republic as the Collateral Obligor.</p> <p>The Collateral Obligor has securities traded on a regulated or equivalent market.</p> <p>Collateral Obligor: the Italian Republic, which issued debt securities on 15 March 2010 due on 15 September 2021 with ISIN: IT0004604671 which will form all of the Collateral. On the Issue Date, the level of collateralisation of such securities is 1/1.</p> <p>The Collateral will not consist of real property, therefore no valuation report relating to real property is included in the Base Prospectus, nor any description of the valuation of such real property.</p>
B.26	Actively managed pool of assets	Not applicable. The Series Assets of the Series of Instruments will not consist, in whole or in part, of an actively managed pool of assets.
B.27	Further issuances backed by same pool of assets	The Issuer may from time to time issue further Instruments of the Series on the same terms as the existing Instruments and on terms that such further Instruments shall be consolidated and form a single series with the existing Instruments of the Series; provided that, unless otherwise approved by Extraordinary Resolution of holders of Instruments (the “ Instrumentholders ”) of the Series, the Issuer shall provide additional assets to form part of the Series Assets for such further Instruments and existing Instruments.

B.28	Structure of the transaction	<p>The Instruments of the Series issued under the Programme are constituted by the Series Instrument (as amended, supplemented and/or restated from time to time, the “Series Instrument”) dated the Issue Date between, <i>inter alios</i>, the Issuer, the Principal Agent, the Trustee, the Custodian and the Hedging Counterparty.</p> <p>The Issuer may offer Instruments in the Series to retail clients, professional clients or other eligible counterparties.</p> <p>The Issuer will use the proceeds from the issue of the Instruments to purchase the Collateral and to enter into the Hedging Agreement, which will, along with the Issuer’s rights under any Hedging Agreement, any Hedging Collateral and any proceeds from any relevant Hedging Agreement, form part of the Series Assets. The Series Assets are exclusively allocated to the Compartment established by the board of directors of the Issuer in respect of the Instruments, will be kept separate from the other assets of the Issuer and the Company and will be secured in favour of the Trustee on behalf of the Instrumentholders.</p> <p>Collateral</p> <p>The Issuer will procure that any Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 is delivered to the Custodian on the Issue Date. The Custodian will then hold such Collateral on behalf of the Issuer subject to the security created in favour of the Trustee, the conditions set out in the Securitisation Act 2004 and to the terms of the Series Instrument.</p> <p>Security</p> <p>Instruments shall be secured by a security interest over the Series Assets in favour of the Trustee for the benefit of the Instrumentholders and the Issuer’s rights against the Agents and the Custodian in respect of the Instruments.</p> <p>Hedging Agreement</p> <p>The Issuer will enter into a Hedging Agreement with the Hedging Counterparty, pursuant to which the Issuer will be entitled to receive certain agreed payment amounts.</p> <p>The Hedging Counterparty may be required to provide hedging collateral pursuant to the terms of the Credit Support Document (“Hedging Collateral”) in order to support its obligations under the Hedging Agreement.</p> <p>The Issuer will not be obliged to collateralise its obligation under the Hedging Agreement.</p> <p>The Issuer will procure that any Hedging Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 will be delivered to the Custodian and subject thereto, such Hedging Collateral will be held by the Custodian on behalf of the Issuer and subject to the security created. The Hedging Collateral is subject to the rights of the Hedging Counterparty to request from time to time redelivery of the Hedging Collateral pursuant to the terms of the Hedging Agreement. See item B.29 below. In the event of an early termination of the Series of Instruments, the Issuer or the Selling Agent will realise any Collateral and terminate the Hedging Agreement and the Issuer will pay to the Instrumentholders the Early Termination Amount in respect of the Instruments. See Item C.9 below.</p>
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B.29	Description of cashflows and information on the Hedging Counterparty	<p>The Issuer for each Series of Instruments may finance any payments to Instrumentholders as set out in the below diagram:</p> <p>This means that any income received by the Issuer from any Collateral will be exchanged with the Hedging Counterparty for an income stream that matches, in relation to rate and/or currency, the amounts to be paid under the Instruments.</p>
B.30	Originators of securitised assets	Deutsche Bank AG, London Branch. It is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

Section C – Securities

Element	Description of Element	Disclosure requirement
C.1	Type and class of securities being offered	The Instruments are senior, secured debt obligations of the Issuer with ISIN XS1057380302.
C.2	Currency	Subject to compliance with all relevant laws, regulations and directives, the Instruments are denominated in EUR.
C.5	Restrictions on free transferability	<p>There are restrictions on sales of Instruments into, amongst other jurisdictions, the United States and the European Economic Area (including Austria, Belgium, Germany, Italy, Poland, Portugal, Spain, Switzerland and the United Kingdom). These restrictions are mainly targeting offerings to the public in the specific jurisdiction unless certain exceptions apply.</p> <p><i>Void transfer or other disposition and forced transfer</i></p> <p>At any time after becoming aware that any legal or beneficial ownership interest in an Instrument is held by a Non-Permitted Transferee, the Issuer shall give notice to the Trustee, the Custodian and the Calculation Agent and shall have the right to require such Non-Permitted Transferee to sell such interest to (a) an affiliate of the Issuer (to the extent permitted by applicable law) or (b) a person who is not a Non-Permitted Transferee, in each case, at a price equal to the lesser of (x) the purchase price paid for such interest by such Non-Permitted Transferee, (y) the principal amount of such interest and (z) the fair market value of such interest, less any costs or expenses incurred by or on behalf of the Issuer in connection with such sale.</p>

		<p>Where:</p> <p>“Non-Permitted Transferee” means:</p> <p>(a) a U.S. person as defined in Rule 902(k)(1) of Regulation S of the Securities Act;</p> <p>(b) a person who comes within any definition of U.S. person for the purposes of the Commodity Exchange Act of 1936, as amended, or any rule, guidance or order proposed or issued by the Commodity Futures Trading Commission (the “CFTC”) thereunder (including but not limited to any person who is not a “Non-United States person” under CFTC Rule 4.7(a)(1)(iv) (excluding for purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not “Non-United States persons”)); or</p> <p>(c) a “resident of the United States” for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended.</p>
C.8	Conditions of the securities	<p>The Instruments have terms and conditions relating to, among other matters:</p> <p>Withholding Tax</p> <p>If, on the occasion of the next payment due in respect of the Instruments, the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, the Issuer will use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor or to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction. If the Issuer is unable to arrange such substitution or change, or if the Issuer is unable to carry out such substitution or change in a tax efficient manner before the next payment is due in respect of the Instruments, the Issuer shall cancel all of those Instruments.</p> <p>All payments in respect of the Instruments will be subject (i) to all laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Instrumentholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Instruments, including without limitation pursuant to the U.S. “Foreign Account Tax Compliance Act”. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to the Instrumentholder, such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.</p> <p>Events of Default</p> <p>The Instruments contain the following Events of Default:</p> <p>(a) default in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the applicable Grace Period; or</p> <p>(b) failure by the Issuer to perform or observe any of its other obligations under the Instruments, the Series Instrument, in certain cases continuing for a specified period of time; or</p>

	<p>(c) events relating to the winding-up or dissolution of the Issuer or the Company or the appointment of an administrator.</p> <p>“Grace Period” means a period of 14 days or, if “Collateral Matched Grace Period” is specified as “Applicable” in the relevant Final Terms, the period specified in the relevant Final Terms which shall be equal to the grace period applicable to the payment of any sum due in respect of the Collateral before a default may be declared under the terms thereof.</p> <p>Governing Law</p> <p>The Instruments are governed by English law. Articles 86 to 97 of the Companies Act 1915, as amended, are excluded.</p> <p>Status and Security</p> <p>The Instruments are limited recourse obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves.</p> <p>The Instruments are secured by:</p> <p>(a) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer’s rights in respect of and sums derived from the Collateral and (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights in respect of the Collateral against the Custodian;</p> <p>(b) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under the Hedging Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;</p> <p>(c) a first fixed charge in favour of the Trustee over (i) the Issuer’s right to all sums held by the Principal Agent and/or any Paying Agent and/or the Custodian to meet payments due in respect of the Instruments and under the Series Instrument and (ii) any sums of money, securities or other property received or receivable by the Issuer under the Hedging Agreement;</p> <p>(d) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under the Agency Agreement and the Purchase Agreement and all sums derived therefrom in respect of the Instruments;</p> <p>(e) to the extent that at any time the Collateral has not been delivered to the Custodian (or, if so specified in the Purchase Agreement, any sub-custodian) to be held on behalf of the Issuer as provided in the Purchase Agreement, an assignment by way of first fixed charge in favour of the Trustee of the Issuer’s rights, title and interest under the Purchase Agreement and any sums received or receivable by the Issuer thereunder; and</p> <p>(f) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee over the Hedging Collateral and all of the Issuer’s rights in respect of any proceeds of the sale thereof and (ii) an assignment by way of first fixed charge in favour of the Trustee of all the Issuer’s rights in respect of the Hedging Collateral against the Custodian (to the extent of any Hedging Collateral held by the Custodian).</p> <p>Replacement of Trustee</p> <p>Upon the occurrence of a Replacement Event, the Hedging Counterparty may acting in its sole and absolute discretion elect to replace Deutsche Trustee Company Limited as Trustee with the Replacement Trustee in accordance with the General Trust Terms as amended by the relevant Series Instrument. The Hedging Counterparty shall effect such replacement by giving notice to the Issuer, the Outgoing Trustee and the Replacement Trustee of such election. The Hedging</p>
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		<p>Counterparty shall not incur any liability as to the consequences of its election to deliver, or to not deliver, such notice and shall not have any regard to the effect of such action.</p> <p>“Replacement Event” means where the Hedging Counterparty acting in its sole and absolute discretion determines that for legal, regulatory or other similar reasons, it is in the interests of any Series Party (excluding the Trustee) to replace the Trustee.</p> <p>Limited Recourse</p> <p>Claims against the Issuer by Instrumentholders and the Hedging Counterparty and each other creditor relating to the Instruments will be limited to the Series Assets applicable to the Instruments. If the net proceeds of the realisation of the Series Assets are not sufficient to make all payments due in respect of the Instruments and due to the Hedging Counterparty and each other creditor relating to the Instruments, no other assets of the Company will be available to meet such shortfall, the claims of the holders of the Instruments and any such Hedging Counterparty or other creditors relating to the Instruments in respect of any such shortfall shall be extinguished. 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 which are based on article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.</p> <p>Order of Priorities</p> <p>The respective rankings for priority of the interest of the Instrumentholders, the Hedging Counterparty and any other party entitled to the benefit of the security interests (each a “Series Party”) of the Instruments shall be according to the relevant priority of each of the payments described below.</p> <p>The Trustee shall apply all moneys received by it in the following order:</p> <p>(a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;</p> <p>(b) secondly, <i>pro rata</i> in payment of any amounts owing to: (i) the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and (ii) the Principal Agent for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders;</p> <p>(c) thirdly, <i>pro rata</i> in payment of any amounts owing to the holders of the Instruments; and</p> <p>(d) fourthly, in payment of the balance to the Issuer, such ranking a “Hedging Counterparty Priority Basis”.</p> <p>Negative Pledge/Restrictions</p> <p>There is no negative pledge. However, for so long as any of the Instruments remain outstanding, the Issuer will not, without the prior written consent of the Trustee, incur any indebtedness for moneys borrowed or raised other than in respect of secured securities or debt subject to equivalent enforcement and limited recourse provisions to the Instruments, engage in any activity other than certain activities related to the Instruments or such permitted securities or debt, have any subsidiaries or employees, purchase, own or otherwise acquire any real property, or consolidate or merge with any other person or issue any shares.</p>
C.9	Interest/ Redemption	See item C.8 above for information on rights attaching to the Instruments.

		<p>Interest</p> <p>The Instruments bear interest at a fixed rate from the Issue Date to the Interest Rate Switch Date and shall thereafter until the Maturity Date bear interest at a floating rate each at the applicable Interest Rate, such interest being payable in arrear on each specified Interest Payment Date.</p> <p><i>Interest Rate</i></p> <p>The Interest Rate for the Instruments from the Issue Date to the Interest Rate Switch Date is 3.00 per cent. per annum. Yield is calculated in accordance with the ICMA Method. The ICMA Method determines the effective interest rate for securities taking into account accrued interest on a daily basis.</p> <p>The Interest Rate for each Interest Period from the Interest Rate Switch Date to the Maturity Date shall be determined by reference to 12-month EURIBOR appearing on the relevant Interest Determination Date. If no such rate appears on the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain fallback methods. In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate using the applicable Relevant Rate on the Interest Determination Date. For the avoidance of doubt the Interest Rate may be a sum of or combination of more than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.</p> <p>“EURIBOR” means the rate for deposits in EUR which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source).</p> <p>The Interest Rate from the Interest Rate Switch Date to the Maturity Date will also be subject to a Minimum Interest Rate of 1.70 per cent. per annum and a Maximum Interest Rate of 4.00 per cent. per annum.</p> <p><i>Day Count Fraction</i></p> <p>The applicable Day Count Fraction for the calculation of the amount of interest due within an Interest Period will be 30/360 for the Series of Instruments.</p> <p><i>Interest Periods</i></p> <p>The Interest Periods are the periods commencing on (and including) the Issue Date to (but excluding) the first Interest Accrual Date and each period commencing on (and including) an Interest Accrual Date to (but excluding) the next following Interest Accrual Date.</p> <p><i>Issue Date and Interest Payment Dates</i></p> <p>The Issue Date and the Interest Payment Dates for each Series of Instruments will be, respectively, 16 May 2014 and 16 May each year from and including 16 May 2015 to and including 16 May 2021 and the Maturity Date, or if such day is not a Payment Day, the next following Payment Day.</p> <p><i>Interest Determination Date</i></p> <p>The Interest Determination Date with respect to an Interest Period will be the day falling two Banking Days prior to the start of such Interest Period.</p> <p><i>Interest Accrual Dates</i></p> <p>The Interest Accrual Dates for the Instruments will be 16 May each year from and including 16 May 2015 to and including 16 May 2021 and the Maturity Date.</p> <p><i>Interest Rate Switch Date</i></p> <p>The Interest Rate Switch Date for the Instruments will be 16 May 2016.</p> <p>Redemption</p> <p><i>Maturity</i></p>
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Unless previously redeemed or purchased and cancelled, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount on the Maturity Date which is 15 September 2021.

Early Termination of the Instruments

The Instruments may be cancelled early in a number of circumstances:

(A) Collateral Default Event: If a default, event of default or other similar event or circumstance occurs with respect to any of the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with its terms shall not constitute a “default”) (a “**Collateral Default Event**”), the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount which will include an amount equal to any accrued but unpaid interest.

(B) Collateral early redemption: If any of the Collateral becomes repayable (otherwise than at the option of the relevant Collateral Obligor in accordance with the terms of the Collateral) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason, the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount which will include an amount equal to any accrued but unpaid interest.

(C) Cancellation for tax reasons: If the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and the Issuer has been unable to arrange substitution or change of itself as Issuer, or is unable to do so in a tax efficient manner, before the next payment is due in respect of the Instruments, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount which will include an amount equal to any accrued but unpaid interest.

(D) Redemption at option of the Issuer for Regulatory Event: If, in the determination of the Calculation Agent, any of the following occur (including, without limitation, in connection with the application of the Alternative Investment Fund Managers Directive 2011/61/EU): (a) as a result of an implementation or adoption of, or change in, law, regulation, interpretation, action or response of a regulatory authority or (b) as a result of the promulgation of, or any interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction (a “**Relevant Authority**”) of, any relevant law or regulation or (c) as a result of the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any Relevant Authority acting in an official capacity, such that it is or will be unlawful or there is a reasonable likelihood of it being unlawful for (i) the Issuer to maintain the Instruments or that the maintenance of the existence of the Instruments would make it unlawful to maintain the existence of any other instruments issued by the Issuer or, (ii) for the Issuer or Deutsche Bank AG, London Branch in its capacity as Arranger to perform any duties in respect of the Instruments (a “**Regulatory Event**”), the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount, which will include an amount equal to any accrued but unpaid interest.

(E) Termination of the Credit Support Document: If the Credit Support Document (if any) is terminated prior to the Maturity Date for any reason, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount which will include an amount equal to any accrued but unpaid interest.

(F) Early Termination of the Hedging Agreement: If the Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement

	<p>Termination Date, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount which will include an amount equal to any accrued but unpaid interest.</p> <p>In any such case of early cancellation described in (A), (B), (C), (D), (E) or (F) above the Issuer shall give not more than 30 nor less than 15 days' notice (or not more than 30 nor less than 10 days' notice in respect of paragraph (D)) of the date fixed for cancellation and on expiry of such notice (i) the Issuer shall cancel the outstanding Instruments of the Series in whole or in part, as applicable, (ii) the relevant portion of the Series Assets will be realised in accordance with the Securitisation Act 2004, if applicable, and (iii) the security constituted by or created pursuant to the Series Instrument shall become enforceable in whole or in part.</p> <p>(G) <u>Event of Default</u>: If an Event of Default occurs (as described in C.8 above) then the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount in respect of each Instrument.</p> <p><i>Early Termination Amount</i></p> <p>The Early Termination Amount (if any) due in respect of each Instrument following the occurrence of an Event of Default, an early termination of the Hedging Agreement, a termination of the Credit Support Document, a cancellation for tax reasons, a Collateral Default Event, a Collateral early redemption or a redemption at the option of the Issuer for a Regulatory Event shall be an amount equal to such Instrument's <i>pro rata</i> share of an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent in accordance with the following formula:</p> <p>(A – B)</p> <p>Where:</p> <p>“A” is the Market Value Collateral, converted into the Specified Currency (if applicable) at the relevant exchange rate applicable at such time, as determined by the Calculation Agent in its reasonable discretion; and</p> <p>“B” is the Early Termination Unwind Costs.</p> <p>The Early Termination Amount will include an amount equal to any accrued but unpaid interest.</p> <p>“Collateral Currency” means the currency in which the Collateral is denominated.</p> <p>“Early Termination Unwind Costs” means the sum (the result of which may be positive, negative or zero) of:</p> <p>(a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by the Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instruments and the related termination, settlement or re-establishment of any hedge or related trading position; and (without duplication); and</p> <p>(b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer, the Trustee, the Custodian or the Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.</p> <p>“Early Termination Valuation Date” means:</p> <p>(a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination, a cancellation for tax reasons, a redemption at the option of the Issuer for a Regulatory Event, a termination of the Credit Support</p>
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C.10	Derivative component of securities	Not applicable. The Instruments do not have a derivative component in the interest payment. See item C.9 above for information on interest and redemption.
C.11	Trading of securities	Application is expected to be made for the Instruments of the Series to be listed on the official list of the Luxembourg Stock Exchange, the Freiverkehr of the Frankfurt Stock Exchange and the Freiverkehr of the Stuttgart Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, and the unregulated markets of the Freiverkehr of the Frankfurt Stock Exchange and the Freiverkehr of the Stuttgart Stock Exchange with effect from the Issue Date or thereabouts.
C.12	Minimum denomination	The minimum denomination of an issue of Instruments is EUR 1,000.

Section D – Risks

Element	Description of Element	Disclosure requirement
D.2	Key risks specific to the Issuer	Factors which could materially adversely affect the Company and its ability to make payments due under the Series of Instruments include matters of Luxembourg law (such as the Company being structured to be insolvency-remote, not insolvency-proof, changes to the Issuer's tax position adversely affecting cash flows in connection with the Instruments, and the provisions of the Securitisation Act 2004 providing that Series Assets of a Compartment are only available for the Series Parties of the Series relating to that Compartment), the Instruments being limited recourse obligations (meaning that an Instrumentholder's claim may be extinguished if there is a shortfall in funds available to meet payments under the Instruments) and related risks and further issues of Instruments by the Issuer.
D.3	Key risks specific to the securities	There are also certain factors which are material for the purpose of assessing the risks associated with the Series of Instruments. These include the fact that such Instruments may not be a suitable investment for all investors (for example if they do not have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Issuer in context of their financial position or are not capable of bearing the economic risk of an investment in the Issuer for an indefinite period of time), any Hedging Agreement (for example its possible early termination in various circumstances which would result in the cancellation of the Instruments) and the related credit exposure to the Hedging Counterparty, credit exposure to the Collateral Obligor (as this will affect the value of the Collateral held as security for the Instruments), early cancellation of the Instruments which may lead to a loss of investment, fluctuations and decreases in the market value of the Instruments and the market value of the Collateral which will also affect the value of the Instruments and the amounts paid on any cancellation of the Instruments, tax risks (for example that if any withholding or deduction for taxes is required, the Issuer may redeem all the Instruments), that no secondary market may exist for the Instruments meaning that investors may not be able to realise their investment prior to maturity and business relationships between the parties to the Instruments, conflicts of interest which may adversely affect the value of the Instruments, that following the occurrence of a Replacement Event the Hedging Counterparty may elect in its sole and absolute discretion to the replace the Trustee with a replacement trustee selected by the Hedging Counterparty and that although Instruments will have the benefit of security interests over all the Series Assets of the Compartment, the Securitisation Act 2004 provides that the Series Assets for the Series of Instruments are available to meet only the claims of the Series Parties for the Series. If the Series Assets are not sufficient to discharge all payments obligations of the Issuer in accordance with the applicable priority of payments, Instrumentholders may lose their entire investment.

Section E – Offer

Element	Description of Element	Disclosure requirement
E.2b	Reasons for the offer and use of	The net proceeds from each Series of Instruments will be used to acquire the Collateral in respect of the Instruments, to pay for, or enter into, any Hedging Agreement(s) in connection with such Instruments and to pay expenses in

	proceeds	connection with the administration of the Company or the issue of the Instruments.
E.3	Terms and conditions of the offer	The offer to invest in the Instruments is made from 22 April 2014 to 13 May 2014. The minimum amount of application EUR 1,000 in nominal amount of the Instruments and the maximum amount of application will be subject only to availability at the time of the application. Payments by investors in respect of the purchase of the Instruments shall be made by the Issue Date. The results of the offer are expected to be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and will be filed with the CSSF in accordance with Article 10 of the Prospectus Act 2005 in each case on or around the Issue Date. The Global Instruments will be delivered to the relevant clearing system no later than on the Issue Date.
E.4	Material interests in the offer	<p>The following constitute material interests with respect to the issue and/or offer of Instruments:</p> <p>The Arranger has offered all of the Instruments to the Distributors at a price (the “Re-offer Price”) of 98.50 per cent. of the Aggregate Nominal Amount, a discount to the Issue Price equivalent to a maximum yearly fee of approximately 0.20 per cent. per annum thereon. The Offer Price is the price at which investors will subscribe for Instruments.</p> <p>The Re-offer Price reflects the discount on the Offer Price granted by the Arranger to the Distributors on the sale of the Instruments to the Distributors in satisfaction of the distribution-related fee agreed between the Arranger and the Distributors. Further information on the Re-Offer Price is available from Deutsche Bank, AG.</p> <p>The Instruments will be offered at the Issue Price (EUR 1,000 per Instrument).</p> <p>The Arranger may at any time purchase Instruments. Any Instruments so purchased may be held or resold by the Arranger.</p>
E.7	Estimated expenses	Not Applicable - No expenses will be specifically charged to purchasers of Instruments by the Issuer.