

Final Terms dated 17 December 2012

**PALLADIUM SECURITIES 1 S.A.**

*(incorporated as a public limited liability company (société anonyme) under the laws of the Grand Duchy of Luxembourg)*

(acting in respect of Compartment 88-2012-15)

Up to EUR 150,000,000 Series 88 Structured Floating Rate (Inflation Index Linked Rate) Notes  
(together “**Instruments**”) due 2017

Issue Price: EUR 1,000 per Instrument

Programme for the issuance of Secured Notes

**PART A – CONTRACTUAL TERMS**

By subscribing to the Instruments, or otherwise acquiring the Instruments, a holder of Instruments expressly acknowledges and accepts that Palladium Securities 1 S.A. (the “**Company**” and acting with respect to Compartment 88-2012-15, the “**Issuer**”) (i) is subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the “**Securitisation Act 2004**”) and (ii) has created a specific compartment (“**Compartment 88-2012-15**”) (in this respect, see paragraph 47 (*Separate Compartment*) of these Final Terms)) in respect of the Instruments to which all assets, rights, claims and agreements relating to the Instruments will be allocated. The holder of Instruments acknowledges and accepts the subordination waterfall and the priority of payment provisions included in the issuance documentation relating to the Instruments. Furthermore, the holder of Instruments acknowledges and accepts that it has only recourse to the assets of Compartment 88-2012-15 and not to the assets allocated to other compartments created by the Company or to any other assets of the Company. The holder of Instruments acknowledges and accepts that once all the assets allocated to Compartment 88-2012-15 have been realised, it is not entitled to take any further steps against the Company to recover any further sums due and the right to receive any such sum shall be extinguished. The holder of Instruments accepts not to attach or otherwise seize the assets of the Issuer allocated to Compartment 88-2012-15 or to other compartments of the Company or other assets of the Company. In particular, no holder of Instruments shall be entitled to petition or take any other step for the winding-up, liquidation or bankruptcy of the Company, or any similar insolvency related proceedings.

Terms used herein shall be deemed to be as defined in the General Conditions set out in the Base Prospectus dated 21 September 2012, which constitutes a base prospectus as supplemented by the first supplement to the Base Prospectus dated 13 November 2012 and the second supplement to the Base Prospectus dated 13 December 2012 (a “**Base Prospectus**” for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) (and amendments thereto, including Directive 2010/73/EU)), 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 relevant Base Prospectus. A summary of the individual issue of the Instruments is annexed to these Final Terms. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus (as supplemented from time to time). The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://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).

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|---|---|-----------------------|
| 1 | Aggregate Nominal Amount of Instruments being issued and (if different) Aggregate Nominal | Up to EUR 150,000,000 |
|---|---|-----------------------|

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|    | Amount of Instruments being admitted to trading: |  |
| 2  | Specified Denomination:                          | EUR 1,000  |
| 3  | Series Number:                                   | 88   |
| 4  | Specified Currency or Currencies:                | Euro (“euro”, “EUR”, “€”).   |
| 5  | Issue Price:                                     | EUR 1,000 per Instrument   |
| 6  | Calculation Amount per Instrument:               | EUR 1,000  |
| 7  | (i) Issue Date:                                  | 15 February 2013   |
|    | (ii) Primary Market End Date:                    | 12 February 2013 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:                              | The Interest Payment Date falling in March 2017  |
| 9  | Interest Basis:                                  | Eur - Excluding Tobacco-Non-revised Consumer Price Index Floating Rate   |
| 10 | Change of Interest Basis:                        | Not Applicable – the method of determining the Interest will not change on a specified Interest Rate Switch Date |
|    | Interest Rate Switch Date(s):                    | Not Applicable   |
| 11 | Authorisation                                    | The issue of the Instruments has been authorised by the board of directors of the Issuer on 12 December 2012.    |

#### Provisions Relating to Interest

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| 12 | Type of Interest:  | Structured Floating Rate   |
|    | (i) Interest Rate:   | The sum of (a) the Relevant Rate and (b) the Margin, subject to a Minimum Interest Rate  |
|    | (ii) Specified Period(s)/Interest Payment Dates/Specified Duration:  | The Interest Payment Dates are 7 March 2014 and thereafter 7 March in each year up to and including the Maturity Date or, if any such day is not a Payment Day, the next following Payment Day.  |
|    | (iii) Interest Accrual Dates(s):                                     | [The Interest Accrual Dates shall be the Interest Payment Dates.] [The Interest Accrual Dates shall be 7 March 2014 and thereafter 7 March in each year up to and including the Maturity Date or, if any such day is not a Payment Day, the next following Payment Day.] |
|    | (iv) Interest calculation method for short or long Interest Periods: | The applicable Relevant Rate on the Interest Determination Date  |
|    | (v) Business Day Convention:   | Following Business Day Convention  |
|    | (vi) Business Day(s):  | London, Luxembourg and TARGET2   |
|    | (vii) Relevant Financial Centre:                                     | London   |
|    | (viii) Margin(s):  | 0 per cent. per annum  |
|    | (ix) Relevant Rate:  | Structured Floating Rate - as per sub-paragraph (xiii)   |
|    | (x) Benchmark Rate:  | Not Applicable   |

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| (xi) Method of determining Relevant Rate: | Inflation Rate Determination  |
| (xii) Interest Component Adjustment:      | Not Applicable  |
| (xiii) Structured Floating Rate:          | <p>The “<b>Structured Floating Rate (Leverage Factor)</b>” applies whereby the Interest Rate will be multiplied by a Leverage Factor of 110 per cent.</p> <p>The “<b>Structured Floating Rate (Inflation Index Linked Rate)</b>” shall apply whereby the Inflation Rate in respect of an Interest Period shall be the amount determined by the Calculation Agent to be equal to (a) the Second Index Level divided by the First Index Level minus (b) 1, subject to minimum of zero and the Index is the EUR – Excluding Tobacco-Non-revised Consumer Price Index</p> |
| (xiv) Minimum Interest Rate:              | The Minimum Interest Rate is 0 per cent. per annum  |
| (xv) Maximum Interest Rate:               | Not Applicable  |
| (xvi) Day Count Fraction:                 | 30/360  |
| (xvii) Interest Determination Date(s):    | The Interest Determination Date in respect of each Interest Period is the last day of each Interest Period  |
| (xviii) Banking Days:                     | London, Luxembourg and TARGET2  |
| (xix) Index Sponsor:                      | The Statistical Office of the European Communities (“EUROSTAT”) who publishes the index performance on Bloomberg (CPXTEMU Index)  |
| (xx) First Index Level Month:             | The month falling 15 months prior to the month in which the relevant Interest Period ends   |
| (xxi) Second Index Level Month:           | The month falling 3 months prior to the month in which the relevant Interest Period ends  |
| (xxii) Related Bond:                      | Not Applicable  |

#### **Provisions Relating to Redemption**

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| 13 | Issuer Call Option:   | Not Applicable – The Issuer is not entitled to call the Instruments early  |
| 14 | Collateral Put/Call Redemption:                             | Not Applicable – The Collateral Obligor has no option to redeem the Collateral in accordance with its terms.   |
| 15 | 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:                     | The Interest Rate shall be calculated in accordance with General Condition 5.5.3(B)  |
| 16 | Collateral Matched Grace Period:                            | Applicable – The Grace Period will be 7 days (in the case of principal) or 14 days (in the case of interest), which is equal to the grace periods applicable to the payment of principal and interest due in respect of the Collateral before a default may be declared. |

## Provisions Relating to Series Assets

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| 17 | (i) Collateral:  |   |
|    | - Collateral Obligor (full legal name, registered address):                  | Unicredit SpA<br>Via Alessandro Specchi 16<br>00186 Rome<br>Italy   |
|    | - Rating of the Collateral Obligor (by specified Rating Agency(ies))         | Baa2 by Moody's<br>BBB+ by S&P<br>A- by Fitch   |
|    | - Country of incorporation of the Collateral Obligor:                        | Italy   |
|    | - Nature of Business:  | The Collateral Obligor attracts deposits and offers commercial banking services. The Collateral Obligor offers consumer credit, mortgages, life insurance, business loan, investment banking, asset management, and other services. The Collateral Obligor operates worldwide.<br><br>Further information on the Collateral Obligor can be found on its website: <a href="http://www.unicreditgroup.eu">http://www.unicreditgroup.eu</a>                  |
|    | - 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 SpA.  |
|    | - Legal Nature of the Collateral:  | The Collateral (ISIN: XS0754588787) will comprise debt securities. The Collateral is in bearer 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.<br><br>The Collateral is a senior unsecured debt obligation of the Collateral Obligor. |
|    | - Regular Payments on the Collateral and Currency:                           | Interest on the Collateral is 4.875 per cent. per annum payable by the Collateral Obligor on 7 March in each year. The Collateral shall be repaid by the Collateral Obligor on the maturity date of the Collateral at its nominal amount.<br><br>The Collateral is denominated in euro.   |
|    | - Issue Date of the Collateral   | 7 March 2012  |
|    | - Maturity Date or Expiry Date of Collateral:                                | 7 March 2017  |
|    | - 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 1,500,000,000   |
|    | - Date of transfer of the  | 15 February 2013  |

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|    | Collateral   |  |
|    | - Method of creation of the Collateral   | The Collateral was issued by the Collateral Obligor in the normal course of its business.  |
|    | - 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:   | English  |
|    | (ii) Series Assets:  | Collateral   |
|    |  | Issuer's rights under Hedging Agreement dated Issue Date   |
|    | - Originator of the Collateral:  | Deutsche Bank AG London Branch, which is the London branch of Deutsche Bank Aktiengesellschaft (" <b>DB AG</b> ").<br><br>Deutsche Bank AG, London Branch's address is Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.<br><br>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.<br><br>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. |
| 18 | (i) Hedging Agreement:   | Applicable – the Issuer shall enter into a Hedging Agreement with the Hedging Counterparty in connection with the Instruments  |
|    | (ii) Credit Support Document   | Not Applicable – the Issuer will not enter into a Credit Support Document with the Hedging Counterparty in connection with the Instruments   |
|    | (iii) Method of Collateral Posting:  | Not Applicable – the Issuer will not enter into a Credit Support Document with the Hedging Counterparty in connection with the Instruments   |
| 19 | Security Ranking Basis:  | Hedging Counterparty Priority Basis  |

#### General Provisions Applicable to the Instruments

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| 20 | Form of Instruments: | Temporary Global Instrument exchangeable for a |
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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.

#### **Agents and Other Parties**

- |    |                            |   |
|----|----------------------------|---|
| 21 | Custodian Account Details: | Euroclear account number 10327 at State Street Bank & Trust Company, 525 Ferry Road, Edinburgh, EH5 2AW.  |
| 22 | Servicer:                  | Deutsche Bank Luxembourg SA   |
| 23 | 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.

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|----|---|---|
| 24 | Paying Agent and Specified Office:      | Deutsche Bank AG, London Branch<br>Winchester House<br>1 Great Winchester Street<br>London EC2N 2DB<br>United Kingdom |
|    |   | Deutsche Bank Luxembourg SA<br>2, boulevard Konrad Adenauer<br>L-1115 Luxembourg<br>Luxembourg                        |
| 25 | Listing Agent:                          | Deutsche Bank Luxembourg SA<br>2, boulevard Konrad Adenauer<br>L-1115 Luxembourg<br>Luxembourg                        |
| 26 | Common Depositary and Specified Office: | Deutsche Bank AG, London Branch<br>Winchester House<br>1 Great Winchester Street<br>London EC2N 2DB<br>United Kingdom |

#### **Distribution**

|    |                                      |  |
|----|--------------------------------------|--|
| 27 | Application of TEFRA or TEFRA rules: | TEFRA D restrictions applicable                      |
| 28 | Total commission and concession:     | Up to 4.00 per cent. of the Aggregate Nominal Amount |

#### **Miscellaneous**

|    |                       |   |
|----|-----------------------|---|
| 29 | Separate Compartment: | A separate compartment has been created by the board of directors of the Company in respect of the Instruments (“ <b>Compartment 88-2012-15</b> ”). Compartment 88-2012-15 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 88-2012-15, as contemplated by articles 5 and 9 of the articles of incorporation of the Company |
| 30 | Type of Instruments:  | Typical Securities – As of the date of these Final Terms, the Italian tax regime applying to payments of interest in respect of the Instruments is governed by legislative Decree No. 239 on the basis that such Instruments qualify as Typical Securities. As a consequence, under the provisions of Decree No. 239, payments of interest in respect of the Instruments may be subject to a substitute tax ( <i>imposta sostitutiva</i> ) at the rate of 20 per cent. in the Republic of Italy depending on the circumstances of the relevant Instruments holder. However, in the event that the   |

Italian fiscal authorities in the future decide that the Instruments no longer qualify as Typical Securities, the Instruments will instead qualify as Atypical Securities for Italian tax purposes as more fully described in the section of the Base Prospectus entitled “Italian Taxation”.

Signed on behalf of the Issuer:

By: .....

Duly authorised

**Underwriting**

Not applicable

**Secondary Trading**

Deutsche Bank S.p.A. of Piazza del Calendario 3, 20126, Milan, Italy and Finanza & Futuro Banca S.p.A. of Piazza del Calendario 1, 20126, Milan, Italy in their capacity as financial intermediaries, may engage in subsequent resale or final placement of the securities in Italy during the period commencing on 18 December 2012 and ending on 12 February 2013.



## PART B – OTHER INFORMATION

### 1 Listing and Admission to Trading

#### (i) Listing:

Luxembourg and EuroTLX

#### 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 multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.) with effect from the Issue Date or thereabouts.

### 2 Ratings

#### Ratings

The Instruments are expected to be rated on or about the Issue Date by Standard & Poor's Credit Market Services Europe Limited ("S&P"). The rating of the Instruments on or about the Issue Date will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website [www.it.investmentprodukte.db.com](http://www.it.investmentprodukte.db.com) on or about the Issue Date. No assurance is given that the Instruments will have a particular rating, or any rating at all, on or about the Issue Date.

Long-term ratings by S&P are divided into several categories ranging from 'AAA', reflecting the strongest creditworthiness, over categories 'AA', 'A', 'BBB', 'BB', 'B' 'CCC', 'CC', 'C' to category 'D', reflecting that an obligation is in payment default:

'AAA' Extremely strong capacity to meet financial commitments. Highest rating.

'AA' Very strong capacity to meet financial commitments.

'A' Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.

'BBB' Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.

'BBB-' Considered lowest investment grade by market participants.

'BB+' Considered highest speculative grade by market participants

'BB' Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.

'B' More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.

'CCC' Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments.

‘CC’ Currently highly vulnerable.

‘C’ A bankruptcy petition has been filed or similar action taken, but payments of financial commitments are continued.

‘D’ Payments default on financial commitments.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. S&P does not modify the rating of 'AAA' by a plus or a minus sign.

S&P is established in the European Union and registered under Regulation (EC) No 1060/2009.

### 3 **Notification**

The CSSF has provided Commissione Nazionale per le Società e la Borsa, the competent authority in the Republic of Italy 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, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.

### 5 **Estimated Net Proceeds and Total Expenses**

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|--------------------------------|---|
| (i) Estimated net proceeds:    | Up to EUR 150,000,000   |
| (ii) Estimated total expenses: | The expenses related to the issue will be paid by the Arranger. |

### 6 **Historic Interest Rates**

Details of the past and further performance of the EUR – Excluding Tobacco-Non-revised Consumer Price Index and its volatility can be obtained from Bloomberg (CPXTEMU Index).

### 7 **Operational Information**

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|---|---|
| (i) ISIN Code:  | XS0856333769  |
| (ii) Common Code:   | 085633376   |
| (iii) Clearing Agent:   | Euroclear Bank SA/N.V. and/or Clearstream, Luxembourg |
| (iv) Delivery:  | Delivery free of payment                              |
| (v) Names and addresses of additional Paying Agent(s) (if any): | Not Applicable  |

### 8 **Terms and Conditions of the Offer**

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|---------------------------------------|---|
| (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 150,000,000. The precise Aggregate Nominal Amount of Instruments to be issued will be published on the website of the Luxembourg Stock Exchange ( <a href="http://www.bourse.lu">www.bourse.lu</a> ) and on |
|---------------------------------------|---|

- the website [www.it.investmentprodukte.db.com](http://www.it.investmentprodukte.db.com) 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 18 December 2012 and ends on 12 February 2013 (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](http://www.bourse.lu)), on the website [www.it.investmentprodukte.db.com](http://www.it.investmentprodukte.db.com) and in accordance with the relevant Distributor’s usual procedures.
  - (v) Early closing of the subscription of the Instruments: The Issuer reserves the right for any reason to close the Subscription/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 150,000,000, 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](http://www.bourse.lu)), on the website [www.it.investmentprodukte.db.com](http://www.it.investmentprodukte.db.com) and in accordance with the relevant Distributor’s usual procedures.
  - (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 150,000,000. 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.
  - (vii) Description of the application process: The offer will be open during the Subscription/Offering Period. Applications for the Instruments can be made in the Republic of Italy at participating branches of Deutsche Bank S.p.A. of Piazza del Calendario 3, 20126, Milan, Italy and Finanza & Futuro Banca S.p.A. of Piazza del Calendario 1, 20126, Milan, Italy (each a **Distributor** and together with any other entities appointed as a distributor in respect of the Instruments during the Subscription/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](http://www.bourse.lu)), on the website [www.it.investmentprodukte.db.com](http://www.it.investmentprodukte.db.com) 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.

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| (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.  |
| (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 150,000,000. The precise Aggregate Nominal Amount of Instruments to be issued are expected to be published on the website of the Luxembourg Stock Exchange ( <a href="http://www.bourse.lu">www.bourse.lu</a> ) and on the website <a href="http://www.it.investmentprodukte.db.com">www.it.investmentprodukte.db.com</a> 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. Notice of the precise Aggregate Nominal Amount of Instruments to be issued will also be given to the CSSF. |
| (xi) Non-exempt Offer/ Public Offer Jurisdictions:   | Offers may be made in the Republic of Italy (the “ <b>Public Offer Jurisdiction</b> ”).   |
| (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 | The offer is being made in the Public Offer Jurisdiction. The address of Deutsche Bank S.p.A. as Distributor is Piazza del Calendario 3, 20126, Milan, Italy and of Finanza & Futuro Banca S.p.A. as Distributor is Piazza del Calendario 1, 20126, Milan, Italy.   |

Purchasers/distributors in the  
various countries where the offer  
takes place:

## 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 Germany, Italy, Spain, Portugal, Belgium and Austria 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><b>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.</b></p>  |

### Section B – Issuer

| Element | Description of Element                  | Disclosure requirement  |
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| B.1     | Legal and Commercial Name of the Issuer | Palladium Securities 1 S.A (the “ <b>Company</b> ”) acting in respect of a specified compartment. |
| B.2     | Domicile                                | The Company is domiciled in Luxembourg and is a public limited liability company                  |

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|      | /Legal Form<br>/Legislation<br>/Country of<br>Incorporation     | (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg . It was incorporated in Luxembourg on 8 September 2004.   |
| B.16 | Control of<br>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  | <p>The Instruments are expected to be rated on or about the Issue Date by Standard &amp; Poor's Credit Market Services Europe Limited (“<b>S&amp;P</b>”). The rating of the Instruments on or about the Issue Date will be published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) and on the website <a href="http://www.it.investmentprodukte.db.com">www.it.investmentprodukte.db.com</a> on or about the Issue Date. No assurance is given that the Instruments will have a particular rating, or any rating at all, on or about the Issue Date.</p> <p>S&amp;P is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies.</p>  |
| B.20 | Special<br>Purpose<br>Vehicle                                   | The Company is a special purpose vehicle for the purpose of issuing asset backed securities.  |
| B.21 | Principal<br>activities and<br>global<br>overview of<br>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, will act as trustee in respect of the Series of Instruments (the “<b>Trustee</b>”). 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, Servicer 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 Purchaser.</p> <p>Deutsche Bank Aktiengesellschaft (“<b>Deutsche Bank AG</b>”) 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 “<b>Deutsche Bank Group</b>”).</p> |
| B.22 | Operations  | Not applicable. The Company has commenced operations and financial statements are available.  |

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| B.23 | Key financial information                       | <p>The summary information below is extracted from the Issuer's audited accounts as at 31 January 2011 and 31 January 2012:</p> <p>Total Assets: 31 January 2011 – EUR 1,909,201,028<br/>31 January 2012 – EUR 1,941,190,137</p> <p>Total Liabilities: 31 January 2011 – EUR 1,909,201,028<br/>31 January 2012 – EUR 1,941,190,137</p> <p>Total Charges: 31 January 2011 – EUR 92,022,526<br/>31 January 2012 – EUR 87,852,726</p> <p>Total income: 31 January 2011 – EUR 92,022,526<br/>31 January 2012 – EUR 87,852,726</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 2012.   |
| B.25 | Description of underlying assets                | <p>The Company acting in respect of one of its compartments (the “<b>Issuer</b>”) will use the proceeds from the issue of the Series of Instruments to purchase the Collateral which will form part of the Series Assets. The Series Assets for the Compartment will include the proceeds of the issue of the Series of Instruments, the Collateral, the hedging agreement (the “<b>Hedging Agreement</b>”) between the Issuer and the hedging counterparty (“<b>Hedging Counterparty</b>”) in respect of the Series of Instruments 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 Unicredit SpA as the Collateral Obligor.</p> <p>The Collateral Obligor has securities traded on a regulated or equivalent market.</p> <p>Collateral Obligor: European bank, which issued senior unsecured debt securities on 7 March 2012 due on 7 March 2017 with ISIN: XS0754588787 which will form all of the Collateral. 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 “ <b>Instrumentholders</b> ”) 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                    | 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 “ <b>Series Instrument</b> ”) dated the Issue Date between, inter alios, the Issuer, the Principal Agent, the   |



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|      |  | <p>Trustee, the Custodian, the Servicer 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 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><b>Collateral</b></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. The Servicer shall collect payments made in respect of the Series Assets which it holds in its capacity as Custodian (either directly or via a sub-custodian). For these purposes, references to "collect" or the "collection" of payments shall be construed as meaning the receipt of payments due with respect to such assets held and shall not extend to ensuring performance of such assets whether by management of the recovery of unpaid debts or otherwise. The role of Servicer is restricted to this single duty accordingly.</p> <p><b>Security</b></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, the Servicer and the Custodian in respect of the Instruments.</p> <p><b>Hedging Agreement</b></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 Issuer will not be obliged to collateralise its obligation under the Hedging Agreement.</p> |
| 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> <pre> graph TD     Collateral([Collateral held with Custodian]) --&gt; Issuer[Issuer]     Issuer -- "Income received on Collateral" --&gt; HC[Hedging Counterparty]     HC -- "Amounts payable on each Interest Payment Date" --&gt; Issuer     Issuer -- "Amounts payable on each Interest Payment Date" --&gt; IH[Instrument-holder]   </pre> <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</p>  |

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|      |                                   | to rate and/or currency, the amounts to be paid under the Instruments.  |
| 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 XS0856333769.   |
| C.2     | Currency                                   | Subject to compliance with all relevant laws, regulations and directives, the Instruments are issued in euro.  |
| C.5     | Restrictions on free transferability       | There are restrictions on sales of Instruments into, amongst other jurisdictions, the United States and the European Economic Area (including the United Kingdom, Belgium, Germany, Italy, Austria, Spain and Portugal). These restrictions are mainly targeting offerings to the public in the specific jurisdiction unless certain exceptions apply.   |
| C.8     | Conditions of the securities               | <p>The Instruments have terms and conditions relating to, among other matters:</p> <p><b>Withholding Tax</b></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><b>Events of Default</b></p> <p>The Instruments contain the following Events of Default:</p> <ul style="list-style-type: none"> <li>(a) default for in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the Grace Period; or</li> <li>(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</li> <li>(c) events relating to the winding-up or dissolution of the Issuer or the Company or the appointment of an administrator.</li> </ul> <p>“<b>Grace Period</b>” 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</p> |

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|  |  | <p>sum due in respect of the Collateral before a default may be declared. <b>Governing Law</b></p> <p>The Instruments are governed by English law.</p> <p><b>Status and Security</b></p> <p>The Instruments are limited recourse obligations of the Issuer, ranking pari passu 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; and</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.</p> <p><b>Limited Recourse</b></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.</p> <p><b>Order of Priorities</b></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 "<b>Series Party</b>") 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</p> |
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|     |                         | <p>pursuant to the Series Instrument;</p> <p>(b) secondly, pro rata 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, pro rata 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,</p> <p>such ranking a “<b>Hedging Counterparty Priority Basis</b>”.</p> <p><b>Negative Pledge/Restrictions</b></p> <p>There is no negative pledge. However, for so long as any of the Instruments remains 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/<br>Redemption | <p>See item C.8 above for information on rights attaching to the Instruments.</p> <p><b>Interest</b></p> <p>The Instruments bear interest at a floating rate from the Issue Date 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 for each Interest Period other than the Early Termination Interest Period shall be equal to the Inflation Rate in respect of such Interest Period.</p> <p>The Inflation Rate in respect of an Interest Period shall be equal to (a) the Second Index Level divided by the First Index Level minus (b) 1, subject to a minimum of 0.</p> <p>The Interest Rate for the Early Termination Interest Period will be determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Second Index Level that would have been published on or around the next Interest Determination Date.</p> <p>“<b>First Index Level</b>” means, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for the month falling 15 months prior to the month in which such Interest Period ends as determined by the Calculation Agent, without regard to any subsequently published correction.</p> <p>“<b>Second Index Level</b>” means, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for the month falling 3 months prior to the month in which such Interest Period ends as determined by the Calculation Agent, without regard to any subsequently published correction.</p> <p>“<b>Index</b>” means the EUR – Excluding Tobacco-Non-revised Consumer Price Index.</p> |

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|  |  | <p>The Index Adjustment Provisions shall apply to the Instruments in the event that there is a delay in publication of the Index, the Index ceases to be published or announced, the Index is rebased, there is a material modification in the Index or a manifest error in the published level of the Index. These provisions allow, amongst other things, for the Calculation Agent to determine a substitute Index level, designate a replacement Index and make adjustments to the Index and/or the terms of the Securities.</p> <p>The Interest Rate from the Issue Date to the Maturity Date will also be subject to a Minimum Interest Rate of 0 per cent.</p> <p><i>Leverage Factor</i></p> <p>The Interest Rate from the Issue Date to the Maturity Date will also be subject to a Leverage Factor of 110 per cent.</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 the Instruments will be 15 February 2013 and 7 March 2014 and thereafter 7 March in each year up to and including the Maturity Date, respectively.</p> <p><i>Interest Determination Date</i></p> <p>The Interest Determination Date with respect to an Interest Period will be the last day of each Interest Period.</p> <p><i>Interest Accrual Dates</i></p> <p>[The Interest Accrual Dates for the Instruments will be the Interest Payment Dates.] [The Interest Accrual Dates for the Instruments will be 7 March 2014 and thereafter 7 March in each year up to and including the Maturity Date or, if any such day is not a Payment Day, the next following Payment Day.]</p> <p><b>Redemption</b></p> <p><i>Maturity</i></p> <p>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 the Interest Payment Date falling in March 2017.</p> <p><i>Early Termination of the Instruments</i></p> <p>The Instruments may be cancelled early in a number of circumstances:</p> <p>(A) <u>Collateral Default Event</u>: If a default, event of default or other similar event or circumstance occurs with respect to 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</p> |
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|  |  | <p>other payment thereunder in accordance with its terms shall not constitute a “default”) (a “<b>Collateral Default Event</b>”), 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.</p> <p>(B) <u>Collateral early redemption</u>: 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.</p> <p>(C) <u>Cancellation for tax reasons</u>: 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.</p> <p>(D) <u>Early Termination of the Hedging Agreement</u>: If the Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement 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>(E) <u>Index Cessation</u>: If the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index and the Calculation Agent determines that there is no appropriate alternative Index.</p> <p>In any such case of early cancellation described in (A), (B), (C), (D) or (E) above the Issuer shall give not more than 30 nor less than 15 days’ notice 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>(F) <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 cancellation for tax reasons, a Collateral Default Event, a Collateral early redemption or the cessation of the Index shall be an amount equal to such Instrument’s pro rata 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> |
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|  |  | <p>Where:</p> <p>“<b>A</b>” is the Market Value Collateral, converted into the Specified Currency at the relevant exchange rate applicable at such time, as determined by the Calculation Agent in its reasonable discretion; and</p> <p>“<b>B</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>“<b>Collateral Currency</b>” means the currency in which the Collateral is denominated.</p> <p>“<b>Early Termination Unwind Costs</b>” 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);</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>“<b>Early Termination Valuation Date</b>” 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, an early termination of the Hedging Agreement or the cessation of the Index, the Business Day immediately preceding the due date for cancellation; or</p> <p>(b) for the purposes of a cancellation due to the occurrence of an Event of Default, the due date for cancellation.</p> <p>“<b>Market Value Collateral</b>” means, in respect of each item of Collateral, (i) where the Collateral has not been redeemed, an amount in the relevant Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof) on the relevant Early Termination Valuation Date provided that if no firm bid quotation is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero, or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.</p> <p><b>Payments in respect of Global Instruments</b></p> <p>All payments in respect of Instruments represented by a Global Instrument will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Instruments, surrender of that Global Instrument to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Instrumentholders for such purpose. A record of each payment so made will be endorsed on each Global Instrument, which endorsement will be prima facie evidence that such</p> |
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|      |                                    | <p>payment has been made in respect of the Instruments.</p> <p><b>Payments in respect of Instruments in definitive form</b></p> <p>Payments of principal and interest in respect of the Instruments in definitive form shall, be made against presentation and surrender of the relevant Instruments at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a bank nominated by such holder presenting such Instrument.</p> <p><b>Meetings</b></p> <p>The Instruments contains provisions for convening meetings of Instrumentholders to consider matters affecting their interests generally with respect to the Instruments. 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> |
| C.10 | Derivative component of securities | Applicable. The interest payment in respect of the Instruments is linked to the performance of an index. 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 and admitted to trading on the regulated market of the Luxembourg Stock Exchange and the multilateral trading facility EuroTLX (managed by EuroTLX SIM S.p.A.) 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 obligor of the |



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|  |  | <p>Collateral (as this will affect the value of the Collateral held as security for the Instruments), exposure to the performance of the Index, 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, the rating will not necessarily be the same as any rating assigned to any Instruments already issued, conflicts of interest which may adversely affect the value of the Instruments 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.</p> |
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## Section E – Offer

| Element | Description of Element                    | Disclosure requirement  |
|---------|---|---|
| E.2b    | Reasons for the offer and use of proceeds | 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 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 18 December 2012 to 12 February 2013. The minimum amount of application is 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 ( <a href="http://www.bourse.lu">www.bourse.lu</a> ) and on the website <a href="http://www.it.investmentprodukte.db.com">www.it.investmentprodukte.db.com</a> 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           | There are no material interests with respect to the issue and/or offer of Instruments (including any conflicting interests).  |
| E.7     | Estimated expenses                        | Not Applicable - No expenses will be specifically charged to purchasers of Instruments by the Issuer.   |