

Report Prepared On: 08/26/14

## Structured Product Details

**Name** Leveraged ETF-Linked Notes  
linked to iShares MSCI Emerging  
Markets Index Fund

**Issue Size** \$7.79 million  
**Issue Price** \$1,000  
**Term** 24 Months  
**Annualized Coupon** 0.00%

**Pricing Date** December 19, 2013  
**Issue Date** December 27, 2013  
**Valuation Date** December 28, 2015  
**Maturity Date** December 31, 2015

**Issuer** Credit Suisse  
**CDS Rate** 66.62 bps  
**Swap Rate** 0.45%

**Reference Asset** iShares MSCI Emerging  
Markets Index Fund  
**Initial Level** \$40.47  
**Dividend Rate** 2.13%  
**Implied Volatility** 23.22%  
**Delta<sup>1</sup>** 0.81

**Fair Price at Issue** \$935.89

**CUSIP** 22547QEY4  
**SEC Link** [www.sec.gov/Archives/edgar/  
data/1053092/000095010313007402/  
dp42681\\_424b2-a62.htm](http://www.sec.gov/Archives/edgar/data/1053092/000095010313007402/dp42681_424b2-a62.htm)

## Related Research

### Research Papers:

[www.slcg.com/research.php](http://www.slcg.com/research.php)

- "Are Structured Products Suitable for Retail Investors?" December 2006.
- "Structured Products in the Aftermath of Lehman Brothers," November 2009.
- "What TiVo and JP Morgan Teach Us about Reverse Convertibles," June 2010.

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## Leveraged ETF-Linked Notes linked to iShares MSCI Emerging Markets Index Fund

### Description

Credit Suisse issued \$7.79 million of Leveraged ETF-Linked Notes linked to iShares MSCI Emerging Markets Index Fund on December 27, 2013 at \$1,000 per note.

These notes are Credit Suisse-branded PLUS securities that do not pay periodic coupons, but instead pay a single amount at maturity depending on iShares MSCI Emerging Markets Index Fund's share price at maturity.

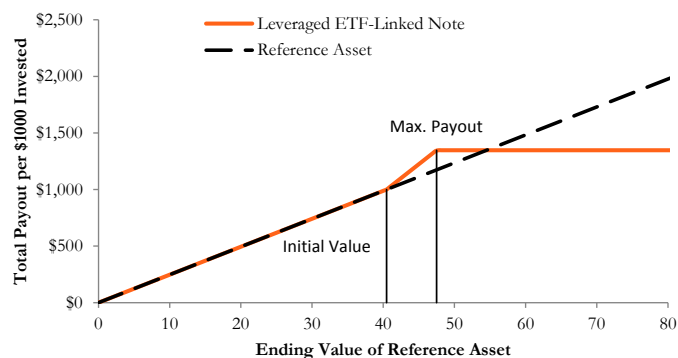
If iShares MSCI Emerging Markets Index Fund's share price on December 28, 2015 is higher than \$40.47, but lower than \$47.49, the notes pay a return equal to the percentage increase in iShares MSCI Emerging Markets Index Fund multiplied by 2.0. If on December 28, 2015 iShares MSCI Emerging Markets Index Fund's share price is above the \$47.49, the notes pay the maximum payout of \$1,347.00. If on December 28, 2015 iShares MSCI Emerging Markets Index Fund's share price is below \$40.47, investors receive the face value per note reduced by the percentage decline in the reference asset. The notes will pay nothing at maturity if the reference asset declines to zero.

### Valuation

This note can be valued as a combination of a note from Credit Suisse, a short at-the-money put option, two long at-the-money call options, and two short out-of-the-money call options. The short at-the-money put option exposes investors to any decline in iShares MSCI Emerging Markets Index Fund. The two short out-of-the-money call options has the strike price of \$47.49, and limits the maximum return of the notes beyond the cap level. For reasonable valuation inputs this note was worth \$935.89 when it was issued on December 27, 2013 because the value of the options investors gave Credit Suisse plus the interest investors would have received on Credit Suisse's straight debt was worth \$64.11 more than the call options investors received from Credit Suisse.

There is no active secondary market for most structured products. Structured products, including this note, therefore are much less liquid than simple stocks, bonds, notes and mutual funds. Investors are likely to receive less than the structured product's estimated market value if they try to sell the structured product prior to maturity. Our valuations do not incorporate this relative lack of liquidity and therefore should be considered an upper bound on the value of the structured product.

### Payoff Curve at Maturity

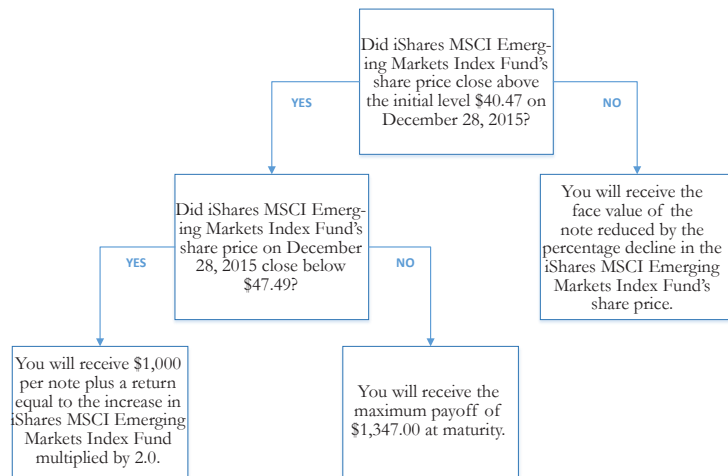


*The payoff diagram shows the final payoff of this note given iShares MSCI Emerging Markets Index Fund's share price (horizontal axis). For comparison, the dashed line shows the payoff if you invested in iShares MSCI Emerging Markets Index Fund directly.*

## Principal Payback Table

iShares MSCI Emerging Markets Index Fund	Note Payoff
\$0.00	\$0.00
\$4.05	\$100.00
\$8.09	\$200.00
\$12.14	\$300.00
\$16.19	\$400.00
\$20.23	\$500.00
\$24.28	\$600.00
\$28.33	\$700.00
\$32.38	\$800.00
\$36.42	\$900.00
<b>\$40.47</b>	<b>\$1,000.00</b>
\$44.52	\$1,200.00
\$48.56	\$1,347.00
\$52.61	\$1,347.00
\$56.66	\$1,347.00
\$60.70	\$1,347.00

## Maturity Payoff Diagram

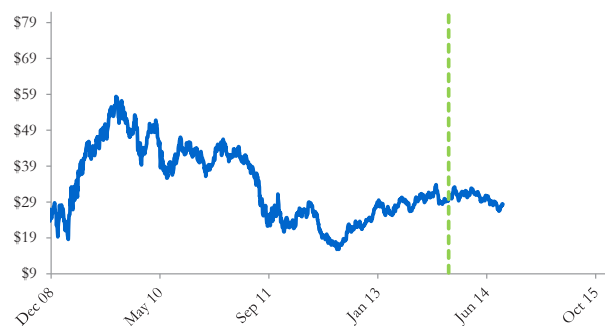


*The contingent payoffs of this Leveraged ETF-Linked Note.*

## Analysis

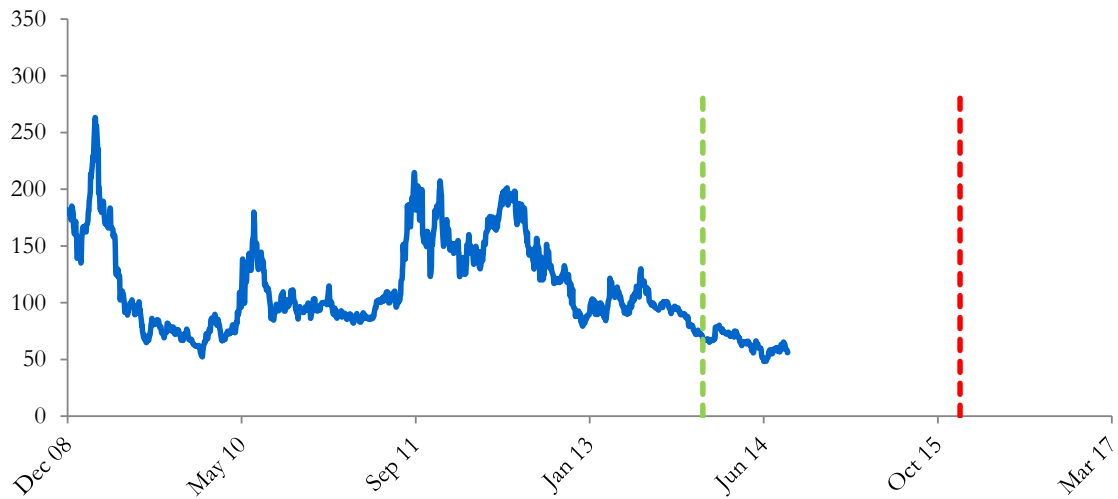
This Leveraged ETF-Linked Note pays investors the increase in iShares MSCI Emerging Markets Index Fund multiplied by 2.0 capped at 34.70%, but if iShares MSCI Emerging Markets Index Fund declines over the term of the note, investors will suffer losses equal to the percentage decline in iShares MSCI Emerging Markets Index Fund. In addition, investors bear the credit risk of Credit Suisse. Investors purchasing this Leveraged ETF-Linked Note effectively sell at-the-money put and out-of-the-money call options to Credit Suisse, buy at-the-money call options, and a zero-coupon note from Credit Suisse. This Leveraged ETF-Linked Note is fairly priced if and only if the market value of the options investors received from Credit Suisse equals the market value of the options investors gave Credit Suisse plus the interest investors would have received on Credit Suisse's straight debt.

## Credit Suisse's Stock Price



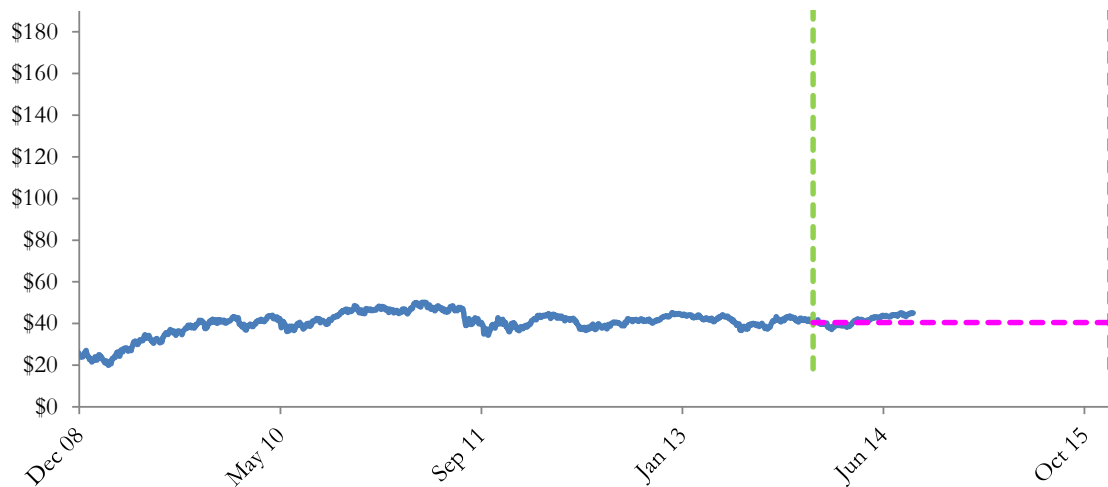
*The graph above shows the adjusted closing price of the issuer Credit Suisse for the past several years. The stock price of the issuer is an indication of the financial strength of Credit Suisse. The adjusted price shown above incorporates any stock split, reverse stock split, etc.*

## Credit Suisse's CDS Rate



Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as Credit Suisse. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore lower market value of Credit Suisse's debt, including outstanding Leveraged ETF-Linked Note. Fluctuations in Credit Suisse's CDS rate impact the market value of the notes in the secondary market.

## iShares MSCI Emerging Markets Index Fund's Share Price

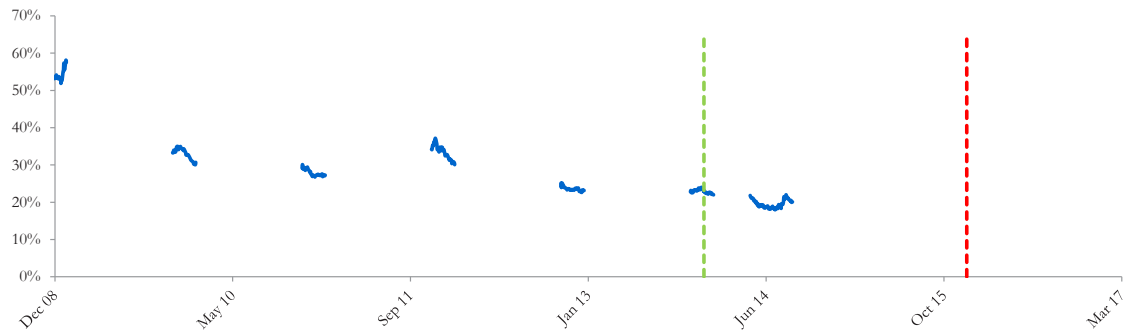


The graph above shows the historical levels of iShares MSCI Emerging Markets Index Fund for the past several years. The final payoff of this note is determined by iShares MSCI Emerging Markets Index Fund's share price at maturity. Higher fluctuations in iShares MSCI Emerging Markets Index Fund's share price correspond to a greater uncertainty in the final payoff of this Leveraged ETF-Linked Note.

## Realized Payoff

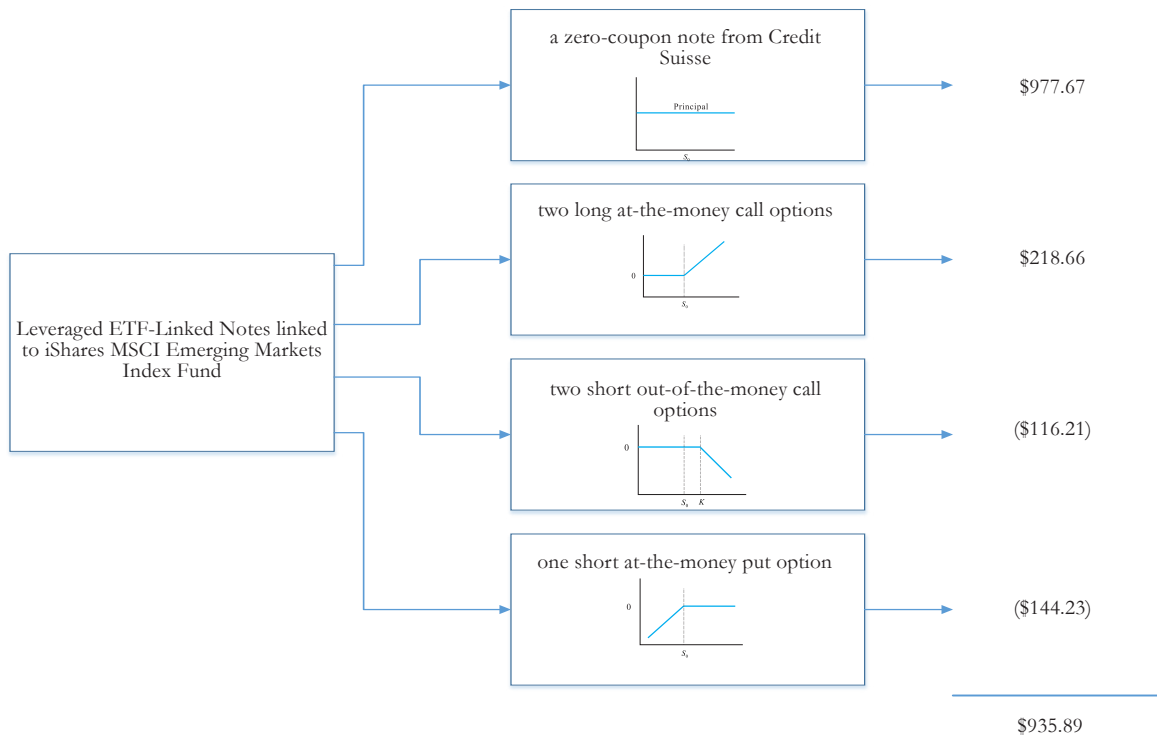
This product will mature on December 31, 2015.

## Reference Asset iShares MSCI Emerging Markets Index Fund's Implied Volatility



The annualized implied volatility of iShares MSCI Emerging Markets Index Fund on December 19, 2013 was 23.22%, meaning that options contracts on iShares MSCI Emerging Markets Index Fund were trading at prices that reflect an expected annual volatility of 23.22%. The higher the implied volatility, the larger the expected fluctuations of iShares MSCI Emerging Markets Index Fund's share price and of the Note's market value during the life of the Notes.

## Decomposition of this Leveraged ETF-Linked Note



This note can be decomposed into different components, and each component can be valued separately. The chart above shows the value of each component of this Leveraged ETF-Linked Note.

1. Delta measures the sensitivity of the price of the note to the iShares MSCI Emerging Markets Index Fund's share price on December 19, 2013.
2. CDS rates can be considered a measure of the probability that an issuer will default over a certain period of time and the likely loss given a default. The lower the CDS rate, the lower the default probability. CDS rate is given in basis points (1 basis point equals 0.01%), and is considered as a market premium, on top of the risk-free rate, that investors require to insure against a potential default.
3. Fair price evaluation is based on the Black-Scholes model of the iShares MSCI Emerging Markets Index Fund on December 19, 2013.
4. Calculated payout at maturity is only an approximation, and may differ from actual payouts at maturity.
5. Our evaluation does not include any transaction fees, broker commissions, or liquidity discounts on the notes.