

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

IMPORTANT: YOU MUST READ THE FOLLOWING DISCLAIMER BEFORE CONTINUING. The following applies to the information memorandum (the "**Information Memorandum**") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum. In accessing the Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

The Information Memorandum has been prepared in connection with the offer and sale of the CDs described therein. The Information Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the Information Memorandum or make an investment decision with respect to the securities, you must comply with the following provisions. By accepting this e-mail and accessing the Information Memorandum, you shall be deemed to have represented to us, to The Hongkong and Shanghai Banking Corporation Limited (the "**Arranger**"), and to each of Bank of China International Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited, Nomura International plc, Sinopac Securities (Asia) Limited and Standard Chartered Bank (Hong Kong) Limited (each a "**Dealer**" and together the "**Dealers**") that:

- (a) you and any persons you represent are persons outside the United States (within the meaning of Regulation S under the Securities Act ("**Regulation S**") and, to the extent you purchase the CDs, you will be doing so pursuant to Regulation S;
- (b) the e-mail address that you gave us and to which the Information Memorandum has been delivered is not located in the United States (within the meaning of Regulation S); and

(c) you consent to delivery of such Information Memorandum by electronic transmission.

You are reminded that the Information Memorandum has been delivered to you on the basis that you are a person into whose possession the Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorised to, deliver the Information Memorandum to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and any of the Arranger or the Dealers or their respective affiliates thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealers or their respective affiliates, as applicable, on our behalf in such jurisdiction.

Under no circumstances shall the Information Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Information Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither we nor any of the Arranger, the Dealers or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Arranger or a Dealer.

ACTIONS THAT YOU MAY NOT TAKE: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the 'Reply' function on your e-mail software, will be ignored or rejected.

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Dated 27 March 2018

INFORMATION MEMORANDUM

**HK\$5,000,000,000
CERTIFICATE OF DEPOSIT PROGRAMME**

INTESA SANPAOLO S.p.A.
acting through its Hong Kong Branch
as Bank

with

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
as Arranger

and

BANK OF CHINA INTERNATIONAL LIMITED

BNP PARIBAS

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

DBS BANK LTD.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

MIZUHO SECURITIES ASIA LIMITED

NOMURA INTERNATIONAL PLC

SINOPAC SECURITIES (ASIA) LIMITED

STANDARD CHARTERED BANK (HONG KONG) LIMITED

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IMPORTANT NOTICE

This Information Memorandum contains summary information provided by INTESA SANPAOLO S.p.A. (the "**Bank**" or "**Intesa Sanpaolo**" and, together with its subsidiaries, the "**Intesa Sanpaolo Group**") acting through its Hong Kong Branch in connection with a HK\$5,000,000,000 multicurrency programme as amended, restated and amended from time to time (the "**Programme**") for the issue of negotiable certificates of deposit (the "**CDs**") under which the Bank may issue and have outstanding at any time CDs up to a maximum aggregate amount of HK\$5,000,000,000 or its equivalent in alternative currencies.

THE CDs HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) ("U.S. PERSONS") UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

THE CDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES APPROVED THIS INFORMATION MEMORANDUM OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The Bank may issue CDs to its customers directly or from time to time appoint dealers for a particular series of CDs and/or dealers for the CDs under the Programme (together, the "**Dealers**"). The Bank has authorised the Dealers to circulate this Information Memorandum in connection therewith.

The Bank accepts responsibility for the information contained in this Information Memorandum and confirms that this Information Memorandum contains in the context of the Programme all material information with respect to the Bank and the Intesa Sanpaolo Group and that the statements contained herein relating to the Bank and the Intesa Sanpaolo Group are true and accurate in all material respects and not misleading and that there are no facts in relation thereto the omission of which would, in the context of the Programme and the issue of CDs thereunder, make any statement herein misleading in any material respect and that all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated By Reference" below). This Information Memorandum shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum.

Potential purchasers (including the Dealers) should determine for themselves the relevance of the information contained in this Information Memorandum as supplemented from time to time, and the necessity for/of additional credit review and their decision to purchase any of the CDs should be based upon such independent investigation as they themselves deem necessary. This Information

Memorandum should not be considered as a recommendation by the Arranger, any Dealer or the Bank to purchase any of the CDs.

If an investor buys a CD through a Dealer and does not hold the CD to maturity, but instead sells it in the market, the investor may incur a loss on his initial investment. This is because, during the term of the CD, the market price of the CD may fluctuate. The market price of a CD may move up or down, compared with the amount of the initial purchase price, depending on many factors, including movements in prevailing interest rates, changes in the perceived credit standing of the Bank and factors generally affecting the market for similar securities or deposits. An investor is as likely to incur losses as to realise profits as a result of these market price movements. An investor should carefully consider whether the purchase of a CD is a suitable investment in light of the investor's financial position and investment objectives, particularly if he may wish to sell the CD before its stated maturity.

None of the Arranger or any of the Dealers has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness at any time of this Information Memorandum or any supplement hereto. No person has been authorised by the Bank or the Dealers to give any information or to make any representation not contained in this Information Memorandum or any supplement hereto, and, if given or made, such information or representation must not be relied upon as having been authorised.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any CDs shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. None of the Bank, the Arranger or the Dealers accepts any responsibility, express or implied, for updating this Information Memorandum and therefore it should not be assumed that the information contained herein is necessarily accurate, complete or up-to-date at any given time.

This Information Memorandum does not, and is not intended to, constitute or contain an offer or invitation to any person to purchase CDs. The distribution of this Information Memorandum and the offering for sale of the CDs in certain jurisdictions may be restricted by law. Any persons into whose possession this Information Memorandum or any CDs come are required by the Bank and the Dealers to inform themselves of, and to observe, any such restrictions. In particular, such persons are required to comply with any applicable laws or regulations of such country or jurisdiction, and/or any restrictions on offers or sales of the CDs and on distribution of this Information Memorandum and other information in relation to the CDs set out under "Selling Restrictions" below.

The CDs have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the CDs may not be offered, sold or delivered within the United States or to U.S. persons. The CDs are in bearer form and are subject to U.S. tax law requirements.

Furthermore, none of the Bank, the Arranger or any of the Dealers makes any comment about the treatment for taxation purposes of payments or receipts in respect of the CDs. Each investor contemplating acquiring CDs under the Programme described herein is advised to consult a professional adviser in connection therewith.

MiFID II PRODUCT GOVERNANCE/ TARGET MARKET

The Issue Terms in respect of any CDs will include a legend entitled "MiFID II product governance / target market" which will outline the target market assessment in respect of the CDs and which channels for distribution of the CDs are appropriate. Any person subsequently offering, selling or recommending the CDs (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the CDs (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any CDs is a manufacturer in respect of such CDs, but otherwise none of the Arranger, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPS / IMPORTANT – EEA RETAIL INVESTORS

If the Issue Terms in respect of a Series include a legend entitled "Prohibition of Sales to EEA retail investors", the CDs in that Series are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(I) of MiFID II; or (b) a customer within the meaning of Directive 2002/92/EC (as amended the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(I) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling CDs in that Series or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the CDs in that Series or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Information Memorandum is not intended to provide the basis of any credit or other evaluation. Prospective investors in the CDs should keep the contents of this Information Memorandum confidential and may not reproduce or use in whole or in part the contents for any purpose not authorised by the Bank.

In this Information Memorandum, unless otherwise indicated: references to "**U.S.**" and "**United States**" are to the United States of America, references to "**U.S. dollars**", "**United States dollars**" and "**US\$**" are to the lawful currency of the United States; references to "**Euro**", "**EUR**" and "**€**" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union; references to "**Singapore dollars**" and "**SGD**" are to the lawful currency of Singapore; references to "**Japanese yen**" and "**JPY**" are to the lawful currency of Japan; references to "**China**" or the "**PRC**" are to the People's Republic of China (which, for the purpose of this Information Memorandum, shall exclude Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan), references to "**Renminbi**" and "**CNY**" are to the lawful currency of China, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's

Republic of China and references to "HK\$" and "Hong Kong dollars" are to the lawful currency of Hong Kong.

The contents of this Information Memorandum are based on Hong Kong law as at 23 March 2018.

For any further information, including as to the availability of amendments or supplements to this Information Memorandum, please contact the Bank.

DEPOSIT PROTECTION

The deposits evidenced by CDs issued under the Programme: (a) are not "**protected deposits**" under, and are not protected by, the Deposit Protection Scheme established by the Hong Kong Deposit Protection Board pursuant to the Deposit Protection Scheme Ordinance (Cap. 581 of the Laws of Hong Kong); and (b) are not guaranteed by the Hong Kong Government's Exchange Fund.

Under Section 265 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), where the company being wound up is or was a bank, each depositor on the date that the winding up commences will rank as a priority creditor for a maximum of HK\$500,000, regardless of the number of deposits of such depositor.

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with the most recently publicly available consolidated financial statements of the Bank. The following documents, which have been previously published are incorporated by reference in, and form part of, this Information Memorandum:

- (a) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2015, as shown in the Intesa Sanpaolo Group 2015 Annual Report;
- (b) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2016, as shown in the Intesa Sanpaolo Group 2016 Annual Report;
- (c) the unaudited consolidated quarterly financial statements of the Intesa Sanpaolo Group as at 30 September 2017, as shown in the Intesa Sanpaolo Group 2017 Quarterly Report; and
- (d) the press release issued by Intesa Sanpaolo on 6 February 2018 and entitled “Intesa Sanpaolo: consolidated results as at 31 December 2017” announcing the approval by the Management Board of Intesa Sanpaolo of the 2017 consolidated annual financial statement,

in each case together with the accompanying notes and (where applicable) audit reports, provided that any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference by way of a supplement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

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RISK DISCLOSURE

The risk factors contained herein are not exhaustive. You should seek additional independent professional advice if in doubt. An investor should not invest in the CDs unless he or she understands the way in which the CDs operate and is willing to assume the associated risks.

- **The Intesa Sanpaolo Group is subject to the provisions of the European Union Bank Recovery and Resolution Directive.**

On 2 July, 2014, the directive providing for the establishment of a European Union-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that: (a) an institution is failing or likely to fail; (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe; and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors (including holders of CDs) of a failing institution and to convert certain unsecured debt claims (including the CDs) to equity (the "**general bail-in tool**"), which equity could also be subject to any future application of the BRRD.

The BRRD also provides for a Member State of the European Union (the "**EU**") as a last resort, after having assessed and exhausted the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts or other liabilities as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The BRRD has been implemented in Italy through the adoption of two Italian Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16

November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends Legislative Decree No. 385 of 1 September, 1993, as amended (the "**Banking Act**") and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on 16 November, 2015, save that: (i) the general bail-in tool will apply from 1 January, 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the Italian deposit guarantee scheme and those of individuals and small or medium sized enterprises will apply from 1 January 2019.

The powers set out in the BRRD and in the BRRD Decrees will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of CDs may be subject to write-down/conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment (notably, the amount of the outstanding may be reduced, including to zero). Subject to certain conditions, the terms of the obligations owed under any instruments may also be varied by the relevant resolution authority (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the BRRD and the BRRD Decrees or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the CDs, the price or value of their investment in the CDs and/or the ability of the Bank to satisfy its obligations under the CDs.

The BRRD is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the BRRD or the taking of any action under it could materially affect the value of any CD.

- **The CDs are not protected by the Deposit Protection Scheme**

The deposits evidenced by CDs issued under the Programme: (a) are not "protected deposits" under, and are not protected by, the Deposit Protection Scheme established by the Hong Kong Deposit Protection Board pursuant to the Deposit Protection Scheme Ordinance (Cap. 581 of the Laws of Hong Kong) and; (b) are not guaranteed by the Hong Kong Government's Exchange Fund.

- **A customer will rely on the Bank's creditworthiness when he/she buys the CDs**

A customer must rely on the Bank's creditworthiness when the customer buys the CDs. The CDs represent the Bank's general unsecured contractual obligations and are not secured on any of the Bank's assets.

There is no assurance of protection against a default by the Bank in respect of its payment or delivery obligations under the CDs. A customer may lose the entire value of its/his/her deposit or investment if the Bank becomes insolvent or defaults on its obligations under the CDs.

- **The CDs are designed to be held until maturity. There is a limited secondary market**

The CDs are designed for customers who intend to hold their CDs until maturity. The CDs have no established trading market. Therefore, customers may not be able to sell their CDs at all or at prices that will provide them with a yield comparable to investments that have a developed secondary market. This is particularly the case for CDs that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of customers. These types of CDs generally would have

a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the CDs.

If a customer tries to sell his or her CDs before the maturity date, the customer may receive an offer which is less or substantially less than the original amount he or she invested. This is because during the term of the CDs, the market price of the CDs may fluctuate, compared with the initial purchase price of the CDs, depending on many factors, including market interest rate movements, the Bank's financial condition and results of operations, the market's view of the Bank's credit quality and the market for similar securities. A customer could lose part or all of his or her investment if the customer chooses to sell his or her CDs prior to the maturity date.

Even if a customer is able to sell his or her CDs before the maturity date, the customer may not be able to enjoy the same rate of return if he or she re-invests in other investments.

A customer should carefully consider whether the purchase of the CDs is a suitable investment in light of the customer's financial position and investment objectives, especially if he or she may wish to sell the CDs before maturity or may need access to the money he or she invests before the maturity of the CDs. A customer should be prepared to invest his or her funds in the CDs for the full investment tenor.

- **Reliance upon the Custodians**

Except in very limited circumstances as set out in the Conditions (as defined below under "Summary of the Programme"), each Series of the CDs will be represented by a single Global CD (as defined below) and no individual bearer certificates will be issued to an individual customer with respect to their holding of the CDs. The CDs may be held in a clearing system ("**Clearing System**") (which can be any of Clearstream Banking S.A., Euroclear Bank SA/NV, the Central Moneymarkets Unit Service or any additional or alternative clearing system as may be agreed between the Arrangers, Dealers and Agents participating in a Series (each as defined in the Conditions)). Individual customers cannot open a personal account with a Clearing System: the Clearing Systems serve only institutions, which means each individual customer has to select a bank (the "**Custodian**"), which may be the Bank itself, who will arrange to hold the CDs for the customer in an account with a Clearing System – either the Custodian's own account or the account of the Custodian's direct or indirect custodian with the relevant Clearing System.

In such circumstances, the Bank will pay interest and principal on the CDs either to the depositary for the Clearing Systems for onward payment to the Custodian, or in the case of CDs held through the Central Moneymarkets Unit Service directly to the Custodian, and the customer will have to rely on the Custodian to ensure that payments on the customer's CDs are credited to the customer's account with the Custodian. Any notice the Bank gives after the CDs are issued will also be given to the Custodian and the customer will also have to rely on the Custodian to ensure that the Bank's notice reaches him or her. Similarly, the customer will have to rely on the Custodian to forward any notices from the customer to the Bank.

In addition, in such circumstances, if the Bank fails to pay any amount under the CDs in accordance with the Conditions, the customer does not have any direct contractual rights against the Bank (except where the Bank itself is the Custodian). To assert any customer's rights as an investor in the CDs, the customer will have to rely on his or her Custodian to take action against the Bank on his or her behalf. However, if the customer's Custodian fails to enforce any rights against the Bank on the customer's

behalf, or if the customer's Custodian becomes insolvent or defaults on its obligations, the customer will need to take action against his or her Custodian subject to the terms of the account agreement or customer agreement or term of business between the customer and his or her Custodian. The Custodian will be able to explain to its customer its rights against the Custodian in this regard. Customers should note that the Bank accepts no responsibility for the provision of bank services and custody services by the Custodians or for any consequences of, or arising from, the use of the bank account and investment account or custody services of such Custodians (except where the Bank is the Custodian itself).

- **The CDs are not covered by the Investor Compensation Fund**

As the CDs are not listed, a customer is not covered by the investor compensation fund established under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) if its Custodian or any other intermediary defaults.

- **The CDs may have features which contain particular risks for potential customers**

A wide range of CDs may be issued under the Programme. CDs may have features which contain particular risks for potential customers. Potential customers should read carefully the risk disclosure for the series of CDs they are interested in and ensure they fully understand the risks involved. Set out below is a description of two such common features:

CDs subject to optional redemption by the Bank

An optional redemption feature is likely to limit the market value of CDs. During any period when the Bank may elect to redeem the CDs, the market value of those CDs generally will not rise substantially above the price at which they can be redeemed.

The Bank may redeem CDs which have an optional redemption feature when its cost of borrowing is lower than the interest rate on the CDs. At those times, a customer generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the CDs being redeemed and may only be able to do so at a significantly lower rate. Potential customers should consider reinvestment risk in light of other investments available at that time.

Fixed rate CDs

The fixed rate CDs carry a fixed interest rate which is paid in arrears. Upon maturity, the Bank will pay the principal amount of the CDs plus any unpaid accrued interest. The maximum return on an investment in the CDs is limited to these interest payments. As the fixed rate CDs are fixed income securities which are structured to provide customers with returns primarily through regular interest payments thereon, holders of the CDs who hold the CDs through to maturity or who dispose of the CDs in the secondary market may not realise any capital gain due to the subsequent changes in market interest rates: for example, if market interest rates rise, the value of a fixed rate CD will usually fall.

In particular, in respect of fixed rate CDs denominated in Renminbi, such CDs will carry a fixed interest rate. A customer's investment in such CDs is subject to interest rate risks. The PRC Government has gradually liberalised the regulation of interest rates over the years. Further liberation may increase interest rate volatility. Consequently, the trading price of such CDs will vary with the fluctuations in the Renminbi interest rates. If a customer tries to dispose of its CDs before their maturity, it may receive an offer that is less than the amount it has invested.

- **Investing in CDs may involve exchange rate risk**

Foreign currency conversion

A series of CDs may be issued in a currency other than Hong Kong dollars. Where necessary, the Bank will convert one currency into another at a specified or prevailing exchange rate in making calculations under the CDs. In addition, if the currency denomination of the CDs is not the customer's home currency and the customer chooses to convert payments made on the CDs back to his or her home currency, the amount the customer receives will be determined by reference to the prevailing exchange rate between the currency in which the CDs are denominated and the customer's home currency. Potential customers should note that the prevailing exchange rate may fluctuate as a result of market conditions and economic factors and that may have an adverse impact on the financial return on the CDs.

CDs denominated in Renminbi

The imposition by the government of the PRC (the "**PRC Government**") of restrictions on the repatriation of Renminbi out of the PRC may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of such CDs. The PRC Government's policies on exchange control and repatriation restrictions are subject to change, and customers' positions in the CDs may be adversely affected as a result of any such policy change. Should the PRC Government tighten the control on Renminbi conversion further, the liquidity of Renminbi or even the CDs may be adversely affected, leading to higher liquidity risks for investors in the CDs.

Renminbi currency risk

In respect of CDs denominated in Renminbi, customers should note that Renminbi is not freely convertible at present and conversion of Renminbi through banks in Hong Kong is subject to certain restrictions.

All payments in respect of CDs denominated in Renminbi shall be made solely by credit to a Renminbi bank account maintained in Hong Kong in accordance with applicable laws and regulations at a bank in Hong Kong. It is the customer's responsibility to establish and maintain such an account. The Bank will not make payment by any other means (including in bank notes or by transfer to a bank account in the PRC or anywhere else outside Hong Kong).

As a result of restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

In addition, if the Bank is not able to obtain sufficient amounts of Renminbi for the purposes of making payments on the CDs denominated in Renminbi in a timely manner due to exchange controls and restrictions applicable to Renminbi, customers may not receive the full amount in Renminbi upon redemption.

- **Waiver of set-off**

By its acquisition of the CDs, each holder (including each holder of a beneficial interest in the CDs) acknowledges, accepts, consents and agrees unconditionally and irrevocably to waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have in respect of that CD under the laws of any jurisdiction in respect of such CD.

CERTAIN DISCLOSURES RELATING TO THE EXERCISE OF THE ITALIAN BAIL-IN TOOL WITH RESPECT TO THE CDs

By its acquisition of the CDs, each holder (including each holder of a beneficial interest in the CDs) acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of the general bail-in tool and any Italian bail-in tool as described above under "The Intesa Sanpaolo Group is subject to the provisions of the European Union Recovery and Resolution Directive" and below under "Summary of the Programme - Italian bail-in tool", "Summary of the Programme - Contractual acknowledgement of Italian bail-in tool under the CDs" and "Summary of the Programme - No repayment or payment of Amounts Due on the CDs to the extent of the exercise of any Italian bail-in tool in respect of such amounts", and as further set out below in "Form of Conditions".

Upon the exercise of any Italian bail-in tool by the relevant Italian resolution authority with respect to the CDs, the Bank will provide a written notice to the holders of CDs in accordance with the Conditions as soon as practicable regarding such exercise of the Italian bail-in tool for the purposes of notifying holders of the CDs of such occurrence. The Bank will also deliver a copy of such notice to the Paying Agent (as defined in the Conditions) for information purposes.

By its acquisition of the CDs, each holder (including each holder of a beneficial interest in the CDs): (a) acknowledges, accepts, consents and agrees to be bound by the exercise of any Italian bail-in tool as it may be exercised without any prior notice by the relevant Italian resolution authority of its decision to exercise such power with respect to such CDs; and (b) shall be deemed to have authorised, directed and requested the relevant Clearing System and any direct participant in the relevant Clearing Systems or other intermediary through which it holds such CDs to take any and all necessary action, if required, to implement the exercise of any Italian bail-in tool with respect to such CDs as it may be exercised, without any further action or direction on the part of such holder or the Paying Agent.

DESCRIPTION OF THE BANK

The Intesa Sanpaolo Group is an Italian and European banking and financial services provider, offering a wide range of banking, financial and related services throughout Italy and internationally, with a focus on Central-Eastern Europe, the Middle East and North Africa. Intesa Sanpaolo Group's activities include deposit-taking, lending, asset management, securities trading, investment banking, trade finance, corporate finance, leasing, factoring and the distribution of life insurance and other insurance products.

Intesa Sanpaolo S.p.A. is a licensed bank in Hong Kong which acts as the Bank's Asia-Pacific hub and headquarters managing regional Commercial and Investment Banking teams with focus on Corporate Banking, Project & Acquisition Finance, Treasury, Capital Markets, Trade Finance, Structured Export Finance, Forfeiting, Syndications, Financial Institutions and Correspondent Banking. Intesa Sanpaolo S.p.A., Hong Kong branch (the "**Hong Kong Branch**") provides short, medium and long term financing solutions to International and Italian-related businesses as well as export-credit financing. The Hong Kong Branch's activities include structuring, underwriting and lead arranging project, acquisition, leveraged and corporate financing across the Asia-Pacific region. Intesa Sanpaolo S.p.A. is also licensed by the Securities and Futures Commission of Hong Kong to undertake Type 1, Type 4 and Type 6 regulated activities permitting dealing in securities, advising on securities and advising on corporate finance.

History and organisation of the Intesa Sanpaolo Group

Intesa Sanpaolo origins

Intesa Sanpaolo is the result of the merger by incorporation of Sanpaolo IMI S.p.A. with and into Banca Intesa S.p.A. (effective 1 January 2007).

Banca Intesa S.p.A.

Banca Intesa S.p.A. ("**Banca Intesa**") was originally established in 1925 under the name of "La Centrale" and invested in the business of the production and distribution of electricity. After the nationalisation of companies in this sector in the early 1960s the company changed its name to "La Centrale Finanziaria Generale", acquiring equity investments in various companies in the banking, insurance and publishing sector. The company merged by incorporation with Nuovo Banco Ambrosiano in 1985 and assumed its name and constitutional objects. Following the acquisition of Cassa di Risparmio delle Provincie Lombarde S.p.A. in January 1998, the Intesa Sanpaolo Group's name was changed to Gruppo Banca Intesa. Then, in 2001, Banca Commerciale Italiana S.p.A. was merged into the Gruppo Banca Intesa and the group's name was changed to "Banca Intesa Banca Commerciale Italiana S.p.A.". On 1 January 2003, the corporate name was changed to "Banca Intesa S.p.A.".

Sanpaolo IMI S.p.A.

Sanpaolo IMI S.p.A. ("**Sanpaolo IMI**") was formed in 1998 through the merger of Istituto Mobiliare Italiano S.p.A. ("**IMI**") with and into Istituto Bancario San Paolo di Torino S.p.A. ("**Sanpaolo**").

Sanpaolo originated from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia di San Paolo" began undertaking credit activities and progressively developed into a banking institution during the nineteenth century, becoming a public law credit institution (*Istituto di Credito di Diritto Pubblico*) in 1932. Between 1960 and 1990, Sanpaolo expanded its network nationwide through a

number of acquisitions of local banks and medium-sized regional banks, ultimately reaching the level of a multifunctional group of national importance in 1991 after its acquisition of Crediop. On 31 December 1991, Sanpaolo became a stock corporation (*società per azioni*) with the name "Istituto Bancario San Paolo di Torino Società per Azioni".

IMI was established as a public law entity in 1931 and during the 1980s it developed its specialist credit and investment banking services and, with Banca Fideuram, its professional asset management and financial consultancy services. IMI became a stock corporation (*società per azioni*) in 1991.

The merger between Banca Intesa and Sanpaolo IMI and the creation of Intesa Sanpaolo S.p.A.

The boards of directors of Banca Intesa and Sanpaolo IMI unanimously approved the merger of Sanpaolo IMI into Banca Intesa on 12 October 2006 and the merger became effective on 1 January 2007. The surviving entity changed its name to Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group.

Legal status

Intesa Sanpaolo is a company limited by shares, incorporated in 1925 under the laws of Italy and registered with the Companies' Registry of Turin under registration number 00799960158. It is also registered on the National Register of Banks under no. 5361 and is the parent company of "Gruppo Intesa Sanpaolo". Intesa Sanpaolo operates subject to the Italian Legislative Decree No.385 of 1 September 1993, as amended.

Registered office

Intesa Sanpaolo's registered office is at Piazza San Carlo 156, 10121 Turin and its telephone number is +39 0115551. Intesa Sanpaolo's secondary office is at Via Monte di Pietà 8, 20121 Milan.

Objects

The objects of Intesa Sanpaolo are deposit-taking and the carrying on of all forms of lending activities, including through its subsidiaries. Intesa Sanpaolo may also, in compliance with laws and regulations applicable from time to time and subject to obtaining the required authorisations, provide all banking and financial services, including the establishment and management of open-ended and closed-ended supplementary pension schemes, as well as the performance of any other transactions that are incidental to, or connected with, the achievement of its objects.

Share capital

As at 31 December 2017, Intesa Sanpaolo's issued and paid-up share capital amounting to €8,731,984,115.92, divided into 16,792,277,146 shares with a nominal value of €0.52 each, in turn comprising 15,859,786,585 ordinary shares and 932,490,561 non-convertible savings shares. Since 31 December 2017, there has been no change to Intesa Sanpaolo's share capital.

Organisational Structure



(1) Domestic commercial banking

(*) Praxex-Bank in Ukraine reports to Capital Light Bank

(**) Income statement and balance sheet figures have temporarily been allocated to the corporate centre

The Intesa Sanpaolo Group operates through seven business units:

- a) the **Banca dei Territori division**: focuses on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano and in instant banking through Banca 5;
- b) the **Corporate and Investment Banking division**: is a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI. The division is present in 25 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking. The division operates in the public finance sector as a global partner for public administration;
- c) the **International Subsidiary Banks division**: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa in the Russian Federation, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia and Intesa Sanpaolo Bank in Slovenia;
- d) the **Private Banking division**: serves the customer segment consisting of private clients and high net-worth individuals with the offering of products and services tailored for this segment. The division includes Fideuram, Intesa Sanpaolo Private Banking with approximately 5,915 private bankers;
- e) the **Asset Management division**: provides asset management solutions targeted at the Intesa Sanpaolo Group's customers, commercial networks outside the Intesa Sanpaolo Group, and the institutional clientele. The division includes Eurizon SGR with €251 billion of assets under management;
- f) the **Insurance division**: provides insurance and pension products tailored for the Intesa Sanpaolo Group's clients. The division includes Intesa Sanpaolo Vita, Fideuram Vita and Intesa Sanpaolo Assicura with direct deposits and technical reserves of €150 billion; and
- g) the **Capital Light Bank**: is set up to extract greater value from non-core activities through the workout of non-performing loans and repossessed assets, the sale of non-strategic equity stakes, and proactive management of other non-core assets (including Pravex-Bank in Ukraine).

Recent Events

Resolution of Intesa Sanpaolo authorising the sale of 4.88% of Bank of Italy capital

On 3 February 2017, the Board of Directors of Intesa Sanpaolo passed a resolution authorising the sale of a stake representing a total of around 4.88% of the Bank of Italy's share capital. The stake will be sold at its nominal value, which is equal to its carrying value, for an amount of around €366 million. The buyers are: Compagnia di San Paolo, Fondazione Cariplo, Fondo Pensione a contribuzione definita del Gruppo Intesa Sanpaolo, Cassa di Previdenza Integrativa per il Personale Istituto San Paolo Torino, Fondo Pensione Complementare per il Personale del Banco di Napoli, Fondo Pensioni per il Personale Cariplo, and Fondo di Previdenza Cr Firenze.

Compagnia di San Paolo and Fondazione Cariplo are entities identified by the Bank as Related Parties in that they are Intesa Sanpaolo shareholders possessing a holding in the Bank's capital with voting rights that is above the minimum threshold set by the rules governing the notification of major holdings in listed companies (the threshold is currently at 3%). The other buyers are entities identified by the Bank as Related Parties in that they are supplementary pension funds established in favour of employees of Intesa Sanpaolo or of entities related to the Bank.

This is not a transaction of "greater significance", therefore no information document is required. The resolution authorising the sale was passed by the Board of Directors, a favourable opinion having been expressed by the Committee for Transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group.

The sale of the stakes in the Bank of Italy's capital is compliant with law provisions concerning shareholdings that exceed the threshold of 3% established by regulators. These provisions were introduced by Legislative Decree no 133 of 30 November 2013 converted into law no 5 of 29 January 2014, which establishes, in particular, that, as of 31 December 2016, no dividend shall be distributed to shares (held either directly or indirectly) exceeding that threshold.

The sale authorised shall be carried out under the same conditions as applied to the sales made in the past few months to counterparties that were not related parties. The entire decision process was supported by an opinion requested from Professor Angelo Provasoli, which confirmed that the selling price was fair.

The completion of each transaction is conditional on the verification by the Board of Directors of the Bank of Italy that the buyer satisfies all necessary requirements.

Following the completion of the transaction, the Intesa Sanpaolo Group's stake in the Bank of Italy's share capital will decrease to 27.81%. The Intesa Sanpaolo Group intends to reduce its shareholding to a percentage not exceeding the threshold of 3%, and hold this exclusively through Intesa Sanpaolo Vita, for investment purposes, and Banca IMI, for market making purposes.

The management of Intesa Sanpaolo completes assessment of possible industrial combinations with Assicurazioni Generali and sees no opportunities fulfilling criteria set for the Intesa Sanpaolo Group's growth option

On 24 February 2017, the management of Intesa Sanpaolo completed its assessment of options relating to possible industrial combinations with Assicurazioni Generali. In the light of the analyses on the insurance group carried out on the basis of information currently available to the public, the management sees no opportunities that fulfil the criteria - in terms of creation and distribution of value for the Bank's shareholders,

in keeping with the objective of maintaining a leadership position in capital adequacy - against which it examines options for the Intesa Sanpaolo Group's internal and external growth on a regular basis.

Intesa Sanpaolo will improve the creation and distribution of value for its shareholders organically, while maintaining a leadership position in capital adequacy, through action lines that will drive the next Business Plan and will be in continuity with the 2014-2017 Business Plan – the commitment made in the 2014-2017 Business Plan to distribute €10 billion of cumulative cash dividends in the four years covered by the Plan has been confirmed – among which:

- a) further significant growth in wealth management, also considering the high switch potential stemming from other financial assets currently held by customers, with around €30 billion of retail bonds maturing in the 2017-2019 period, over €30 billion of deposit flow into the Banca dei Territori Division and the Private Banking Division since the last quarter of 2015, and over €150 billion of outstanding assets held under administration;
- b) a significant development of the non-life insurance business, raising the product penetration with the customer base to the same level as the life insurance business, through appropriate actions in synergy with the bank networks;
- c) a strong boost to cross-selling, with the creation of the first "proximity bank" in Italy following the recent acquisition of Banca ITB, focused on instant banking through a lean network of around 20,000 points of sale representing around 25 million potential customers (of these, around 12 million are already Banca ITB customers);
- d) new initiatives to expand the multichannel and digital bank, which already has around 6.4 million customers with around 80% of products available via multichannel platforms, digitalisation involving all branches with 100% paperless transactions for the priority products, and the "Online Branch" with around 26,000 products sold in 2016;
- e) a high sensitivity of the net interest income to an interest rate increase, which is already affecting the longest-maturity part of the market yield curve, with around €1.1 billion of net interest income growth following 100 basis points of parallel upward shift in the market yield curve;
- f) maintaining an excellent level of cost/income ratio, with high efficiency as a result of the continuous cost management; and
- g) a significant improvement in the asset quality and the cost of risk, including through adequate investments in dedicated human resources and technologies, with a reduction of the NPL (bad loans, unlikely-to-pay loans and past due exposures) to total customer loan ratio, with no extraordinary transactions, which, to date, is expected to return in 2019 to the levels of 2011, namely to 10.5% gross of adjustments and 6% net, from 14.7% and 8.2%, respectively, at year-end 2016

The Intesa Sanpaolo Group signs agreement for sale of its stake in Allfunds Bank to Hellman & Friedman and GIC

On 7 March 2017, Intesa Sanpaolo entered into a sale-and-purchase agreement in respect of the sale of its entire stake in Allfunds Bank ("**Allfunds**", a multimanager distribution platform of asset management products targeted at institutional investors), to funds affiliated with Hellman & Friedman, a leading private equity investor, and GIC, Singapore's sovereign wealth fund, for a cash consideration of around €900

million. Intesa Sanpaolo's stake held in Allfunds represents 50% of Allfunds's capital and is held through the Bank's subsidiary Eurizon SGR.

The finalisation of the transaction is subject to the customary regulatory authorisations being received from competent authorities. The transaction will generate a net capital gain in the region of €800 million for the Intesa Sanpaolo Group's consolidated income statement.

Acquisition of certain assets and liabilities of Banca Popolare di Vicenza and Veneto Banca

Intesa Sanpaolo signed a contract, effective as of 26 June 2017, with the liquidators of Banca Popolare di Vicenza S.p.A. ("**Banca Popolare di Vicenza**") and Veneto Banca S.p.A. ("**Veneto Banca**") concerning the acquisition, for a token price of €1, of certain assets and liabilities and certain legal relationships (the "**Aggregate Set**") of the two banks. The latter were placed into compulsory administrative liquidation on 25 June 2017, as envisaged by the Consolidated Law on Banking and Decree Law 99 of 25 June 2017 concerning "Urgent provisions for the compulsory administrative liquidation proceedings of Banca Popolare di Vicenza S.p.A. And Veneto Banca S.p.A. " (the "**Venetian Banks Decree**").

Intesa Sanpaolo was awarded the contract through a transparent procedure involving six potential buyers. The outcome of the competitive procedure was announced on Wednesday 21 June 2017. The Bank's bid proved the better of two bids in its ability to ensure business continuity and minimise the components left with the two banks in compulsory administrative liquidation.

The intervention of the Bank made it possible to avoid the serious social consequences that would have otherwise derived from an "atomistic" compulsory administrative liquidation of the two banks. This intervention will safeguard jobs at the banks involved, the savings of around two million households, the activities of around 200,000 businesses financially supported and, therefore, the jobs of three million people in the areas which record the country's highest economic growth rate. Without the deal, the Interbank Deposit Guarantee Fund would have been required to provide an upfront outlay of over €10 billion, to be recovered from future liquidation proceeds. Given the lack of resources immediately available to the Interbank Deposit Guarantee Fund, the banking system would have had to cover a large part of the funds needed to reimburse deposit holders in an extremely short amount of time, and the State would have had to cover the immediate exercise of the guarantee on liabilities undertaken by the two banks for a total amount of approximately €8.6 billion.

The Bank acquired an Aggregate Set which excludes NPLs (bad loans, unlikely-to-pay loans and past due exposures), subordinated bonds issued, as well as shareholdings and other legal relationships that the Bank does not consider functional to the acquisition. The Aggregate Set of acquisition includes, in addition to the selected assets and liabilities of Banca Popolare di Vicenza and Veneto Banca (as well the international branches of the latter, located in Romania), and subject to approval of the related authorisations, the shareholdings in Banca Apulia S.p.A. (excluding the shareholdings held by the latter in Apulia Pronto Prestito S.p.A. and Apulia Previdenza S.p.A.), in Banca Nuova S.p.A., in SEC Servizi S.c.p.a., in Servizi Bancari S.c.p.a., and in the banks located in Moldova, Croatia, and Albania.

In addition, the Aggregate Set of acquisition includes high-risk performing loans of around €4 billion. However, the Bank will have the right to give these back to the banks in compulsory administrative liquidation, should certain conditions occur, during the period up to the approval of the financial statements for as at and for the year ended 31 December 2020, requiring that these loans be classified as bad loans or unlikely-to-pay loans. As already specified, the acquired Aggregate Set excludes the entire NPL portfolio

(bad loans, unlikely-to-pay loans, and past due exposures) of the two banks in liquidation and of the shareholdings acquired by the Bank.

The Aggregate Set does not include a corresponding equity component, given that the entire shareholders' equity of the two banking groups is subject to the compulsory administrative liquidation procedure. The assets and liabilities transferred will be balanced by a loan backed by the government (to be repaid over 5 years at an interest rate of around 1%) granted by the Bank to the banks in compulsory administrative liquidation. The amount of that loan, and of the loans that will be granted to the subsidiary banks for the transfer of bad loans, unlikely-to-pay loans, and past due exposures and of the shareholdings not functional to the transaction, was negotiated and set at a provisional amount of €5,351 million (based on the balance sheet of the operations as at 31 March 2017). If at the end of the due diligence process, as reported further on, the amount necessary to ensure that the transferred assets and liabilities balance exceeds the loan amount, the excess part will be backed by a state guarantee for an amount of up to €6,351 million.

The terms and conditions of the contract, in the framework set by the Venetian Banks Decree and the ministerial decrees issued in relation to the transaction, ensure that the acquisition by the Bank is fully neutral in terms of the Intesa Sanpaolo Group's Common Equity Tier 1 ratio ("**CET 1 ratio**") and dividend policy. Specifically, they provide for:

- a) a public cash contribution, to offset the impact on the capital ratios. Its size will lead to a phased-in CET 1 ratio of 12.5% to the risk-weighted assets ("**RWA**") acquired. This contribution, which amounts to €3.5 billion not subject to taxation, was recorded as income in the income statement, in accordance with the IAS 20 accounting standard, and was assigned to the Bank on 26 June 2017;
- b) an additional public cash contribution to cover integration and rationalisation charges in relation to the acquisition. These charges include, in line with the commitments undertaken by the Bank with the Directorate-General for Competition of the European Commission, those relating to the closure of around 600 branches and the use of the solidarity allowance mechanism in relation to the exit, on a voluntary basis, of around 3,900 people of the Group resulting from the acquisition. These charges also relate to other actions to be taken to safeguard jobs, such as redeploying and retraining people. Also this contribution, which amounts to €1.285 billion not subject to taxation, was recorded as income in the income statement, in accordance with the IAS 20 accounting standard, and was assigned on 26 June 2017. This amount was set aside in a specific fund, considering the tax effects related to its use, and is therefore neutral for the year's net income; and
- c) public guarantees equal to €1.5 billion after tax, in order to sterilise risks, obligations and claims against The Bank due to events occurring prior to the sale or relating to assets/liabilities or relationships not included among those transferred. In any case, the banks in compulsory administrative liquidation will be liable for damages that may derive from past disputes and from disputes relating to the rules regulating the purchase of own shares and/or investment services. This includes disputes brought by parties who participated/did not participate in, or were excluded from the so-called "Offers for Settlement" and from "Welfare Incentives".

The Venetian Banks Decree introduced specific tax rules governing the transfer to the Bank of the assets and liabilities of Banca Popolare di Vicenza and Veneto Banca. The rules are substantially designed to ensure for the acquiring bank a limited "continuity" in the tax treatment of the subjective positions of the sellers (as regard tax credits from the conversion of the deferred tax assets ("**DTAs**"), the tax value of the

assets, liabilities, and rights included in the sets acquired, income components with deferred taxation, tax losses, and the guarantee fees for non-eligible DTAs), and the "neutrality" of transfers and public contributions, as a result of which they will not generate tax liabilities for the acquiring bank.

Specifically:

- (i) tax and non-tax assets and liabilities are transferred to the acquiring bank at the tax value they had for the sellers (in practice, at the effective date of the transfer, the acquiring bank is assigned the same tax position held by the sellers);
- (ii) tax credits deriving from the conversion of DTAs are transferred to the acquiring bank;
- (iii) similarly, the tax losses of the sellers are transferred to the acquiring bank;
- (iv) the transfer of the assets and liabilities is not subject to VAT and subject to a fixed registration, mortgage and cadastral tax of €200; and
- (v) the contributions paid to the acquiring bank by the Ministry for the Economy and Finance to offset the impact on the capital ratios and support corporate restructuring measures are non-taxable for IRES and IRAP purposes, whereas the expenses incurred by the acquiring bank for the aforementioned restructuring will be deductible for tax purposes.

As regards anti-trust authorisations, on 10 July 2017 the Italian Competition Authority announced its decision not to investigate the arrangement, thereby giving its clearance for the deal.

With reference to the banking authorisations required to acquire control over the shareholdings of Banca Popolare di Vicenza and Veneto Banca, the terms set to formulate the offer and execute the contract did not allow the parties to ask and obtain from the European Central Bank, within 30 June 2017, the necessary authorisations to transfer the control and The Bank agreed to proceed with this transfer, on the assumption that it will have the possibility of returning the shareholdings whose transfer is not authorised and be completely indemnified from any and all negative effect as a consequence of the circumstance in which the transfer not previously authorised will be finalised.

Furthermore, should these authorisations not be obtained or be obtained with imposition of conditions or charges for the Bank, the latter will have the right to immediately return the shareholdings to the banks under compulsory administrative liquidation and with full indemnification of any negative effect deriving from the Bank maintaining these shareholdings and returning them.

In addition, with reference to the voting rights in the subsidiary banks, the Bank may not exercise its vote at meetings and intervene in their management and in the replacement of the corporate bodies until the authorisations are obtained, remaining at the same time fully indemnified from any ensuing negative effect or any effect in any case connected to their management as well as to the replacement (subject to possible removal) of the members of the management and control bodies of these banks. Therefore, when preparing the Half-yearly condensed consolidated financial statements, The Bank did not carry out the line-by-line consolidation of the shareholdings in question but provisionally recorded them as shareholdings within the acquired Aggregate Set.

In order to determine the final imbalance of the operations and definitively calculate the amount of public contribution paid by the State, the Ministry for the Economy and Finance and the Bank have jointly appointed a board of three independent experts, identified pursuant to the Venetian Banks Decree, which

will conduct a specific due diligence leading to the generation of a detailed and analytic inventory of the captions comprising the final accounting position of assets and liabilities included within the acquired operations as at the execution date. As a result of the procedure to calculate the imbalance, the parties will ascertain the existence of any assets, liabilities or legal relationships not pertaining to the operations, with a consequent adjustment of the imbalance, and the Bank will have the right to return assets, liabilities or legal relationships to the Banks in compulsory administrative liquidation, in accordance with the provisions of the Venetian Banks Decree, also in this case with consequent adjustment of the imbalance. In addition, any positive or negative difference between the final calculated amount of the public contribution and the initial amount granted will be settled by the State or the Bank depending on the case. Within 5 days from the date on which the definitive amount of the imbalance of the operations is determined, the Bank will release its loan to the banks in liquidation, which will be immediately and automatically offset by the receivable arising from the imbalance, without prejudice to the obligation of the banks in compulsory administrative liquidation (and, jointly, the guarantor) to reimburse the loan under the terms and conditions thereof.

Finally, the contract includes termination clauses establishing that the contract is ineffective and the assets, liabilities and legal relationships acquired can be given back to the banks in compulsory administrative liquidation. These refer, specifically, to the event that the Venetian Banks Decree should not be converted into law or should be converted with amendments/integrations that make the transaction more expensive for The Bank, and should not be fully enacted within the terms provided by law. In this regard, we report that the decree was passed without substantial amendments by both the Chamber of Deputies and the Senate.

Intesa Sanpaolo concludes ordinary share buy-back Programme for free assignment to employees

On 19 September 2017 Intesa Sanpaolo communicated that it had concluded, on 18 September 2017, the ordinary share buy-back programme launched on the same day and announced to the market in a press release dated 15 September 2017. The programme executes a plan that assigns, free of charge, ordinary shares of Intesa Sanpaolo to the Group's employees; this covers the share-based incentive plan for 2016 reserved for Risk Takers who accrue a bonus in excess of the so-called "materiality threshold", as well as for those who, among Managers or Professionals that are not Risk Takers, accrue "relevant bonuses". The aforementioned plan was approved at the Shareholders' Meeting of Intesa Sanpaolo on 27 April 2017. In addition, the Bank's subsidiaries indicated in the aforementioned press release have terminated their purchase programmes of the Bank's shares to be assigned, free of charge, to their employees. The programmes were approved by their respective corporate bodies within their remits and are analogous to the programme approved at the Bank's Shareholders' Meeting.

In compliance with Article 113-ter of Legislative Decree 58 of 24 February 1998 (TUF-Consolidated Law on Finance), Article 5 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and Article 2 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016, details concerning the purchases executed are provided below. Information is also given by Intesa Sanpaolo on behalf of the aforementioned subsidiaries.

On 18 September 2017, the Intesa Sanpaolo Group purchased a total of 8,091,160 Intesa Sanpaolo ordinary shares through Banca IMI (which was responsible for the programme execution). These represent approximately 0.05% of the ordinary share capital and total share capital of Intesa Sanpaolo (comprising ordinary shares and savings shares) at an average purchase price of €2.937 per share, for a total counter value of €23,762,245. Intesa Sanpaolo purchased 4,263,325 shares at an average purchase price of €2.937 per share, for a counter value of €12,520,115.

Purchase transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits of number of shares and consideration as determined in the resolutions passed by the competent corporate bodies. Pursuant to Article 132 of TUF and Article 144-bis of the Issuers' Regulation and subsequent amendments, purchases were executed on the regulated market MTA managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.

Moreover, purchases have been arranged in compliance with the conditions and the restrictions under Article 5 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, Articles 2, 3, and 4 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016, and market practices as allowed by Consob pursuant to Article 180, paragraph 1, letter c of TUF.

The total number of shares purchased and, therefore, the daily volume of purchases executed, did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2017, which was equal to 83.7 million shares.

Intesa Sanpaolo signs agreement with trade unions

On 21 December 2017 Intesa Sanpaolo announced that it has reached an agreement on that date with the trade unions that follows on from what previously agreed in relation to the acquisition of operations of the former Venetian Banks (Banca Popolare di Vicenza and Veneto Banca). Specifically, the agreement signed stipulates that the Group is prepared to:

- a) accept all the applications it has received with regard to voluntary exits, which have been subscribed by around 7,500 people under the Solidarity Allowance, with the last exits to take place by 30 June 2020;
- b) hire 1,000 new personnel with indefinite-term contracts, with a focus on the branch network, on the disadvantaged areas of the country, on new professions, including the hiring of people being part of protected categories (compulsory employment) and taking into account people currently employed with fixed-term contracts;
- c) hire 500 new personnel with a mixed contract, each on an employed with part-time indefinite-term contract and on a self-employed basis, to perform the role of financial advisor having previously been enrolled on the register of financial advisors.

Therefore, the total voluntary exits will involve around 9,000 people. In detail:

- (i) 1,500 people from the Intesa Sanpaolo Group who already fulfil pension requirements, by 31 December 2018;
- (ii) 1,000 people from the former Venetian Banks and 3,000 people from the Intesa Sanpaolo Group under the Solidarity Allowance, by 30 June 2019, in accordance with the contract signed on 26 June 2017 for the acquisition of operations of Banca Popolare di Vicenza and Veneto Banca;
- (iii) 3,500 people from the Intesa Sanpaolo Group under the Solidarity Allowance, by 30 June 2020.

The exit deferral up until 30 June 2020 and the reduction in the average stay in the Solidarity Fund enable Intesa Sanpaolo to optimise the charges in relation to the voluntary exits expected to be borne by the Group, to be booked in the fourth quarter of 2017, that amount to around €45 million net of tax.

New hires are in addition to 150 hires already agreed on with the trade unions on 1 February 2017 and to around 100 hires with indefinite-term contracts reserved for people with fixed-term contracts working in the operations of the former Venetian Banks as at 25 June 2017.

Following the agreement, overall savings in personnel expenses of around €675 million per year are expected on a fully operational basis (starting from 2021).

Intesa Sanpaolo comfortably meets the capital requirement set by the ECB

On 22 December 2017 Intesa Sanpaolo has received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2018, following the results of the Supervisory Review and Evaluation Process ("**SREP**"). The overall capital requirement the Bank has to meet in terms of CET 1 ratio is 8.145% under the transitional arrangements for 2018 and 9.33% on a fully loaded basis. This is the result of:

- a) a SREP requirement in terms of Total Capital ratio of 9.5% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is CET 1 ratio, and an additional Pillar 2 capital requirement of 1.5% made up entirely of CET 1 ratio;
- b) additional requirements, entirely in terms of CET 1 ratio, relating to:
 - (i) a Capital Conservation Buffer of 1.875% under the transitional arrangements for 2018 and 2.5% on a fully loaded basis in 2019,
 - (ii) an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.19% under the transitional arrangements for 2018 and 0.75% on a fully loaded basis in 2021,
 - (iii) a Countercyclical Capital Buffer of 0.08%¹

Intesa Sanpaolo's capital ratios as at 30 September 2017 on a consolidated basis - net of around €2.2 billion dividends accrued for the first nine months of the year - were as follows:

- a) 13% in terms of CET 1 ratio²;
- b) 17.6% in terms of Total Capital ratio²;

calculated by applying the transitional arrangements for 2017, and

- a) 13.4% in terms of pro-forma CET 1 ratio calculated on a fully loaded basis ^{2,3};

¹ Calculated taking into account the exposures as at 30 September 2017 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating either to 2018-2019, where available, or to the latest update of the reference period (requirement was set at 0% in Italy for the fourth quarter of 2017).

² After the deduction of accrued dividends, assumed equal to the net income for the first nine months of the year minus the coupons accrued on the Additional Tier 1 issues and the non-taxable public cash contribution of €3.5 billion offsetting the impact on the capital ratios of the acquisition of operations of Banca Popolare di Vicenza and Veneto Banca.

³ Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2017, considering the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, as well as to the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of operations of Banca Popolare di Vicenza and Veneto Banca, the expected absorption of DTAs on losses carried forward, the announced reserve distribution by insurance companies, and the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with no benefit for the CET 1 ratio and a benefit of six basis points for the Total Capital ratio as at 30 September 2017).

- b) 17.8% in terms of pro-forma Total Capital ratio calculated on a fully loaded basis^{2:3}.

Intesa Sanpaolo is considering strategic options involving Non-Performing Loans Servicing

On 10 January 2018 Intesa Sanpaolo communicated that the Bank is considering strategic options involving the NPL servicing activity, that include a disposal of a bad loan portfolio of the Group, as part of the upcoming business plan. Such options do not modify the commitment of Intesa Sanpaolo to distribute €3.4 billion cash dividends for 2017, which is confirmed.

Intesa Sanpaolo: Long-Term Incentive Plan

On 6 February 2018 Intesa Sanpaolo, alongside its approval of the Group's 2018-2021 business plan, decided to submit a Long-term incentive plan for the approval of shareholders, who will be summoned to the Meeting scheduled for 27 April 2018. The incentive plan is based on Intesa Sanpaolo S.p.A. financial instruments and is reserved for all Intesa Sanpaolo Group employees in Italy. The incentive plan is a tool facilitating a broad-based shareholding in the capital of the Bank, aimed at enhancing the role of employees as key enablers in the achievement of the business plan's results.

The incentive plan consists of two systems:

- a) with regard to top management, risk takers and key managers, it provides for the assignment of equity call options on Intesa Sanpaolo ordinary shares (POP – Performance-based Option Plan);
- b) with regard to all the other Intesa Sanpaolo Group employees, it provides for:
 - (i) the assignment of new ordinary shares of Intesa Sanpaolo deriving from a share capital increase without payment and, as an alternative choice for employees; and
 - (ii) the opportunity to subscribe to an investment plan in a certain proportion to the number of shares received free of charge.

This incentive plan is based on new Intesa Sanpaolo ordinary shares deriving from a capital increase with payment, reserved for employees and at a discounted issue price (LECOIP 2.0 – Leveraged Employee Co-Investment Plan).

In detail, the POP Incentive Plan stipulates that performance conditions must be applied for incentives to be actually awarded, in relation to specific key objectives to be achieved over the course of the Business Plan. It does not envisage any protection of the initial assignment to the employee.

The related documentation will be made available to shareholders and the public in accordance with regulations in force and within the period of time provided by law.

The Incentive Plan is subject to authorisations being received from the competent authorities.

Assuming all employees subscribe to the Incentive Plan, the total number of ordinary shares to be issued in the capital increase without payment and in the capital increase with payment is estimated to be equal to a maximum number representing around 3.5% of the ordinary share capital following the increase and 3.4% of the total share capital (comprising the ordinary shares and the savings shares) of Intesa Sanpaolo following the increase ⁴.

⁴ Assuming a market share price of €3 and a subscription discount for the discounted shares of 11%. This is a provisional estimate, given that the impact will only be determined upon the assignment of the incentive plan.

Intesa Sanpaolo: proposal for mandatory conversion of savings shares into ordinary shares

On 6 February 2018 Intesa Sanpaolo announced that it has resolved, concurrently with the approval of the 2018-2021 business plan, to submit to the Shareholders' Meeting a proposal for the mandatory conversion of savings shares of Intesa Sanpaolo into ordinary shares of Intesa Sanpaolo, on the basis of a conversion ratio of 1.04 ordinary shares per each savings share, without any payment of cash adjustments (the "Conversion") and along with the concurrent removal from the articles of association of the nominal value indication with regard to the Bank's shares.

Therefore, the Board of Directors has called the Extraordinary Shareholders' Meeting, on single call, to take place on 27 April 2018, at the New Headquarters in Turin, with entrance in Corso Inghilterra no. 3, at 10:00 of 27 April 2018, in order to resolve upon the following items of the agenda:

- a) mandatory conversion of savings shares into ordinary shares and concurrent removal of the indication of nominal value for the shares of Intesa Sanpaolo from the Articles of Association; and
- b) Amendment of Articles 5 and 29 and removal of Article 30 of the articles of association. Pertinent and consequent resolutions.

The Board of Directors has also called the Special Meeting of Savings Shareholders, on single call, to take place on 27 April 2018, at the New Headquarters in Turin, with entrance in Corso Inghilterra no. 3, at 16:00 of 27 April 2018 and in any case at the end of the Meeting of Ordinary Shareholders, in order to resolve upon the following items of the agenda:

- a) Approval, pursuant to Article 146, paragraph 1, letter b) of Legislative Decree no. 58 of 24 February 1998, of the resolutions of the Extraordinary Shareholders' Meeting concerning the mandatory conversion of the Company's savings shares into ordinary shares of the same Company; and
- b) the removal of the indication of the nominal value of the shares from the articles of association and the relative amendments to the Articles of Association. Pertinent and consequent resolutions.

The effectiveness of the Conversion, should it receive the approval of the Extraordinary Shareholders' Meeting, will be conditioned upon:

- a) the approval of the Conversion by the Special Savings Shareholders' Meeting;
- b) the authorisations of the European Central Bank required under the current legal and regulatory framework, for the purposes of the amendments to the Articles of Association, the inclusion of the ordinary shares that are issued in connection with the Conversion in the CET 1 ratio and the possible purchase by the Company of own shares at the end of the liquidation procedure relating to withdrawing shareholders; and
- c) the amount owed to those who elect to exercise the withdrawal right not exceeding Euro 400 million at the end of the pre-emption and pre-emptive rights offering period concerning any offer to the Intesa Sanpaolo shareholders of the shares held by the withdrawing savings shareholders pursuant to Art. 2437-quater, par. 1 and 2 of the Italian Civil Code.

The conversion ratio has been set by the Board of Directors on the basis of, inter alia, the report of an independent expert and includes an implied premium on the savings shares' price equal to:

- a) 3.4% in relation to the last stock exchange closing price of 5 February 2018;

- b) 3.3% in relation to the average price registered in the past month; and
- c) 4.4% in relation to the average price registered in the past 3 months.

Since the resolution approving the Conversion implies an amendment to the Company's Articles of Association regarding voting and participation rights, the savings shareholders who do not take part in the approval of the related resolution of the Special Savings Shareholders' Meeting will be entitled to exercise the right of withdrawal pursuant to Art. 2437, par. 1 (g) of the Italian Civil Code (the "Withdrawal Right"). The liquidation value of each savings share was calculated in accordance with Art. 2437-ter of the Italian Civil Code and set by the Board of Directors at Euro 2.74, equal to the arithmetic average of closing prices of the savings shares on the market in the six months prior to the date of publication of the notice of call of the Special Savings Shareholders' Meeting (6 February 2018). The Articles of Association do not derogate from the abovementioned legal criteria.

Should any of the aforesaid savings shareholders exercise the Withdrawal Right, it will be necessary to liquidate their shareholdings in accordance with the liquidation procedure provided under Art. 2437-quater of the Italian Civil Code. In the context of said liquidation procedure, the Company may be required to repurchase the shares from the withdrawing shareholders that are not purchased by the other shareholders or possibly placed on the market at their liquidation value. For this reason, the Board of Directors will propose among the items on the agenda for the Extraordinary Shareholders' Meeting set for 27 April 2018 also the authorisation of the sale of shares that may be purchased in the light of this procedure, in order to allow the Company to liquidate an investment which would be otherwise fully deducted from shareholders' equity and the CET 1 ratio due to their quality as own shares. The maximum amount of shares which are the subject matter of said authorisation will be equal to the number of ordinary shares resulting from the Conversion which will be purchased by the Company at the end of the possible liquidation process in connection with the shares remaining at the end of the pre-emption/pre-emptive offer.

The documentation concerning the abovementioned proposals of shareholder meeting resolutions will be made publicly available in accordance with the provisions set out in the current legal framework.

Please note that:

- a) the ordinary shares that will be issued to service the Conversion will bear regular dividend rights;
- b) it is foreseen that the date of effectiveness of the Conversion – where the relevant conditions have been fulfilled – shall fall after the ex-right date of dividends relating to the financial year ended 31 December 2017 (set for 21 May 2018); said dividend shall therefore be distributed to both ordinary and savings shareholders in accordance with the Articles of Association in place prior to the Conversion (Art. 29.3 of the Articles of Association); and
- c) the withdrawal procedure will commence and will conclude after the ex-right date of the dividends relating to the financial year ended 31 December 2017, and the savings shareholders who exercise the Withdrawal Right – as well as those who do not exercise such right – will receive such privileged dividend in accordance with Art. 29.3 of the Articles of Association currently in force.

The Conversion will be directed at all holders of savings shares.

The effective date of the Conversion shall be agreed with Borsa Italiana S.p.A. and made publicly available on the website of the Company and in at least one national daily newspaper, in accordance with Art. 72, par. 5, of the Issuers' Regulation – CONSOB resolution no. 11971/1999. With same notice, the Company will

provide details on the modalities of assignment of the ordinary shares resulting from the conversion ratio and on the management of any fractions of shares resulting from the conversion ratio. On the same date, the savings shares shall be revoked from listing on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., and the ordinary shares resulting from the Conversion will be listed on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A..

The Conversion is aimed at rationalising and simplifying the capital structure of Intesa Sanpaolo, as well as simplifying the Company's corporate governance by aligning all shareholder rights. Furthermore, with respect to the capital requirements provided under the supervisory regulations, it is worth noting that the nominal value of the savings shares – unlike that of ordinary shares – is not included in the CET 1 ratio but is included in Additional Tier 1 capital. Therefore, assuming a scenario in which all savings shares are converted, the CET 1 ratio of the Intesa Sanpaolo Group would register – on the basis of the figures as at 31 December 2017 and all other terms being equal – an increase equal to 18 bps. Such increase would instead be equal to 3 bps if withdrawals entail the Company to incur the maximum costs provided in the conditions upon which the effectiveness of the Conversion is subject and should the ordinary shares remaining post-Conversion (and therefore purchased by the Company) not be sold.

Should all of the savings shares be converted into ordinary shares, the voting rights of the ordinary shareholders will be diluted by approximately 5.8%. In the instance of maximum costs being incurred by the Company following the exercise of withdrawal rights (without placement of the shares purchased in the context of the abovementioned liquidation procedure on the market), said dilution will instead be equal to approximately 4.9%.

The economic dilution, following the increase in the total number of shares due to the conversion ratio of 1.04 ordinary shares per each savings share, will be equal to approximately 0.2% in the case of all of the savings shares being converted into ordinary shares, while the Conversion would be accretive by approximately 0.7% in the case of maximum costs being incurred by the Company following the exercise of withdrawal rights without placement of the shares purchased on the market.

Management

Board of Directors

The composition of Intesa Sanpaolo's Board of Directors is as set out below.

Member of Board of Directors	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Bank's activities
Gian Maria Gros-Pietro	Chairman	Chairman of ASTM S.p.A. Director of Edison S.p.A.
Paolo Andrea Colombo ^(b)	Deputy Chairman	Chairman of Colombo & Associati S.r.l. Chairman of Saipem S.p.A.
Carlo Messina ^(a)	Managing Director and CEO	None
Bruno Picca	Director	Director of Intesa Sanpaolo Group Services S.c.p.A.
Rossella Locatelli ^(a)	Director	Chairman of Bonifiche Ferraresi S.p.A. Member, Oversight Committee of Darma SGR, a company in administrative compulsory liquidation Chairman of B.F. Holding Member, Oversight Committee of Sofia Gestione del Patrimonio SGR in special administration
Giovanni Costa	Director	Director of Edizione S.r.l.
Livia Pomodoro ^(b)	Director	None
Giovanni Gorno Tempini	Director	Director of Willis S.p.A. Chairman of Fondazione Fiera Milano Director of Avio S.p.A.
Giorgina Gallo ^(b)	Director	Director of Zignago Vetro S.p.A. Director of Auchan International
Franco Ceruti	Director	Chairman of Intesa Sanpaolo Expo Institutional Contact S.r.l. Director of Intesa Sanpaolo Private Banking S.p.A. Director of Mediocredito Italiano S.p.A. Director of Banca Prossima S.p.A.

Member of Board of Directors	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Bank's activities
		Director of Intesa Sanpaolo Assicura S.p.A.
Gianfranco Carbonato ^(b)	Director	Chairman of Prima Industrie S.p.A. Chairman of Prima Power North America Inc., Arlington Heights, Chicago (Illinois), USA Director of Prima Power Suzhou Co., Ltd., Suzhou, P.R.C.
Francesca Cornelli ^(b)	Director	Director of Swiss Re Europe Director of Swiss Re International Director of Swiss Re Holding Director of Telecom Italia S.p.A.
Daniele Zamboni ^(b)	Director	None
Maria Mazzarella ^(b)	Director	None
Marco Mangiagalli ^(b)	Director and Chairman of the Management Control Committee	None
Edoardo Gaffeo ^(b)	Director and Member of the Management Control Committee	None
Milena Teresa Motta ^(b)	Director and Member of the Management Control Committee	Director of Strategie & Innovazione S.r.l. Chairman, Board of Auditors of Trevi Finanziaria Industriale S.p.A.
Alberto Maria Pisani ^(b)	Director and Member of the Management Control Committee	None
Maria-Cristina Zoppo ^(b)	Director and Member of the Management	Chairman, Board of Auditors of Houghton Italia S.p.A. Standing Auditor of Coopers & Standard Automotive Italy

Member of Board of Directors	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Bank's activities
	Control Committee	S.p.A. Standing Auditor of U.S. Alessandria Calcio S.r.l.

- (a) Carlo Messina was appointed Managing Director and CEO by the Board of Directors on 28 April 2016. He is the only executive member on the Board.
- (b) Meets the independence requirements pursuant to Article 13.4 of the Articles of Association, the Corporate Governance Code and Article 148, third paragraph, of Legislative Decree 24 February 1998 no. 58.

The business address of each member of the Board of Directors is Intesa Sanpaolo S.p.A., Piazza San Carlo 156, 10121 Turin.

Principal Shareholders

As at 11 October 2017, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 3%^(a)).

Shareholder	Ordinary shares	% of ordinary shares
Compagnia di San Paolo	1,308,804,043	8.252%
Black Rock Inc. ^(b)	794,646,624	5.010%
A-Fondazione Cariplo	767,029,267	4.836%

- (a) Shareholders being fund management companies may be exempted from disclosure up to the 5% threshold.
- (b) Fund management. Shareholder owning aggregate investment equal to 5.106% as per form 120 B dated 4 July 2017.

Legal Risks

In addition to brief remarks on the litigation involving anatocism and other current account or credit facility conditions, other banking products and investment services, the following paragraphs provide concise information about the individual relevant disputes (indicatively, those with a remedy sought of more than €100 million and where the risk of an outlay is currently deemed probable or possible).

Dispute relating to anatocism and other current account or credit facility conditions

In 1999 the Italian Court of Cassation reversed its stance and found the quarterly capitalisation of interest payable on current accounts to be unlawful. Following this decision, a series of disputes emerged on the subject of the capitalisation of interest for contracts executed prior to that date, whereas the problem was partly resolved for contracts executed after the amendment of Art. 120 of the Legislative Decree No.385 of 1 September 1993, as amended (the "**Banking Act**") introduced in the interim by Legislative Decree 342/99, which made it legal to capitalise interest payable and receivable, provided that both occur with the same frequency. In many cases, lawsuits pertaining to anatocism also concern other current account or credit facility conditions, such as interest rates and overdraft charges (no longer applied). The overall economic impact of lawsuits in this area remain at insignificant level in absolute terms. The risks related to these disputes are covered by specific, adequate provisions to the allowances for risks and charges.

A new version of Art. 120 of the Banking Act banning the compounding of interest in banking transactions – without prejudice to the authority delegated to the Interdepartmental Committee for Credit and Savings

("CICR") to establish the implementing provisions envisaged in the previous text – entered into force at the beginning of 2014. In 2015 the Consumers Movement Association ("AMC") sued various banks, including Intesa Sanpaolo, claiming that the ban on compounding was immediately applicable, contrary to the position taken by the banking industry, i.e. that the implementing resolution by the CICR was necessary. During the trial, the Court of Milan handed down an order on 1 July 2015, against Intesa Sanpaolo enjoining it from compounding interest payable by its consumer customers.

In April 2016, Art. 120 of the Banking Act was amended again to permit annual compounding of interest with the customer's authorisation. The implementing resolution by the CICR was published in August 2016. According to the new provisions, it applies to interest accrued from 1 October 2016.

For the time being, the compounding of interest is not applied to consumer customers of Intesa Sanpaolo, since the above order of the Court of Milan is still in effect. A motion has been filed to quash the above order and a decision is pending.

The dispute regarding account conditions also includes the class action suit brought in 2010 by Altroconsumo against Intesa Sanpaolo concerning the illegal nature of overdraft charges. The Court of Turin ruled that overdraft charges were void according to the principle that, in the absence of a formal credit facility, any overdraft would not justify the application of additional costs to the account-holder. The decision was upheld in the second instance. Intesa Sanpaolo has brought an action before the Court of Cassation in April 2017 and the judgment is still pending. In October 2012, the overdraft charge was replaced by the expedited approval fee.

Disputes concerning other banking products

In the context of the disputes relating to other banking products, which remained at normal, limited overall levels, in recent years there was an increase, with regard to consumer credit business, in requests from customers who repaid their loans in advance to obtain a partial refund of sums paid at the signing of the contract (by way of financial fees or insurance costs). In particular, the complaints revolve around an unclear distinction in contracts between fees for services rendered by the disbursing entity during the process of granting the loan, which thus are not eligible for a refund in the event of early repayment, and fees relating to management of the loan over time, which are therefore eligible for a pro-rated refund in the event of early repayment.

The foregoing contractual uncertainties relate to contracts entered into until 2010, in respect of which appropriate provisions have been set aside. In contracts entered into thereafter, the aspects outlined above have been clearly and explicitly stated. This was also acknowledged by an October 2016 decision by the Coordination Panel of the Financial and Banking Arbitrator, which supports the belief that there is not a significant risk for such contracts.

Disputes pertaining to investment services

In 2017 cases of this type of dispute continued to decrease in absolute terms and in value. The risks related to this type of dispute are also covered by specific, adequate provisions to the allowances for risks and charges.

ENPAM lawsuit

In June 2015 ENPAM sued Cassa di Risparmio di Firenze (a wholly owned subsidiary of Intesa Sanpaolo), along with other defendants such as JP Morgan Chase & Co and BNP Paribas, before the Court of Milan.

ENPAM's allegations concern the issuance and trading (in 2005) of several complex financial products known as "JP Morgan 69,000,000" and "JP Morgan 5,000,000" and the subsequent "swap" (held on 26 May 2006) of those products with other products known as "CLN Corsair 74,000,000", subsequently "restructured" in 2009 and 2010. In particular, the latter products were credit-linked notes, i.e. securities the repayment of whose principal at maturity was tied to the credit risk associated with a tranche of a synthetic CDO. Due to the defaults on the CDO portfolio, the investment allegedly resulted in significant losses, for which compensation is sought.

In the writ of summons, ENPAM petitions the court to make inquiries and hand down rulings on the basis of various legal concepts (contractual and tort liability and breach of Articles 23, 24 and 30 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**"). It also petitions the court to order the defendants to make restitution of the sum "of €222,209,776.71, in addition to interest and additional damages, and compensation for damages to be paid on an equitable basis pursuant to Art. 1226 of the Italian Civil Code". The portion attributable to the position of Cassa di Risparmio di Firenze is argued to be €103,806,716 (in addition to interest and the purported "additional damages").

Cassa di Risparmio di Firenze was sued as the transferee of the Italian branch of Cortal Consors S.A. (subsequently merged into BNP Paribas), which had provided ENPAM with the investment services within the framework of which the securities in question were subscribed.

At a preliminary stage, Cassa di Risparmio di Firenze raised various objections (including a lack of standing to be sued and the time bar of the actions brought). On the merits, it argued, among other positions, that the provisions of the Financial Services Act indicated by ENPAM were not applicable and that there was no evidence of the damages. It also disputed the quantification of the damages by ENPAM and, alternatively, that it contributed to causing the damages in question. If an unfavourable judgment is rendered, Cassa di Risparmio di Firenze has requested that the court determine its internal share of the total liability of the defendants and that the other defendants be ordered to indemnify it against any sums that it may be required to pay by the court in excess of its share of the liability, and that BNP Paribas be ordered to indemnify Cassa di Risparmio di Firenze against any sums that it is ordered to pay ENPAM.

The proceedings are still in their initial phase due to some procedural matters.

Therefore, at present it is not possible to express a reliable assessment of the risk inherent in the trial since it is still in the initial phase.

Disputes regarding tax-collection companies - In the context of the government's decision to reassume responsibility for tax collection, Intesa Sanpaolo sold to Equitalia S.p.A. full ownership of Gest Line and ETR/ESATRI, companies that managed tax-collection activities, undertaking to indemnify the buyer against any expenses associated with the collection activity carried out up to the time of purchase of the equity interests.

In particular, such expenses refer to liabilities for disputes (with tax authorities, taxpayers and employees) and out-of-period expenses and capital losses with respect to the financial situation at the time of the sale.

A technical roundtable has been formed with Equitalia in order to assess the parties' claims.

Administrative and judicial proceedings against Banca IMI Securities Corp. of New York

The SEC (the U.S. financial market supervisory authority) has launched an investigation concerning the dealings of certain brokers, including Intesa Sanpaolo's subsidiary IMI Securities of New York, involving

particular financial instruments known as "**ADRs**" (depository receipts for shares issued by non-U.S. companies). IMI Securities discontinued this line of business in 2014.

In October 2016, the Antitrust Division of the Department of Justice (the "**DOJ**") of New York launched an investigation into such dealings in ADRs, and specifically into a possible cartel formed by certain participants, including IMI Securities. In recent months, Intesa Sanpaolo's cooperation with the supervisory authority has continued in order to focus on the operating procedures adopted by IMI Securities. The SEC's analyses have ascertained alleged deficiencies in oversight obligations in the business area of pre-released ADRs, in response to which IMI Securities has submitted counter-pleas and explanations in its defence to the SEC to mitigate the conclusions the Authority has reached.

By 30 June 2017, the discussions between SEC and IMI Securities came to a close. After complex negotiations aimed at mitigating as much as possible the risk of sanctions due to breach of control obligations in the business area of pre-released ADRs, pursuant to Section 15(b)(4)(E) of the Exchange Act and to Section 17(a)(3) of the Securities Act, in the third quarter of 2017 a settlement agreement was reached, on the basis of which IMI Securities paid the total sum of approximately US\$35 million, entirely covered by a provision. As to the investigation launched in October 2016 by the Antitrust Division of the DOJ concerning the same business area of pre-released ADRs, for alleged cartel among certain broker-dealers, including IMI Securities, cooperation is being provided through the submission of specific documents and information in order to clarify the position of IMI Securities.

Administrative and judicial proceedings involving the New York branch

In December 2016 a final settlement was reached with the New York State Department of Financial Services (a New York State banking supervisor) in relation to a civil penalty imposed on the Bank following a public supervisory action which is still pending with the Federal Reserve Bank related to certain weaknesses and deficiencies in the anti-money laundering controls, policies and procedures at the New York branch.

The penalty (expensed to the income statement in 2016) was US\$235 million dollars (€225 million).

The settlement reached with the New York State Department of Financial Services also provided that a Remediation Plan be agreed upon between Intesa Sanpaolo and the supervisor and put in place. The relevant executive actions are ongoing under the coordination and supervision of the New York State Department of Financial Services. The supervisory action was initiated in 2007 between Intesa Sanpaolo and the New York State Department of Financial Services and the Federal Reserve Bank. The Bank was also subject to a criminal investigation initiated in 2008 by the New York District Attorney's Office and the Department of Justice into the methods used by the Bank for clearing through the United States payments in dollars to/from countries subject to U.S. economic sanctions in the years from 2001 to 2008. The criminal investigation was concluded in 2012, when both law enforcement agencies determined to terminate their investigation and not to take any action against the Bank.

IMI/SIR dispute

In Judgement 11135 filed on 21 May 2015, the Court of Rome ordered Giovanni Acampora and Vittorio Metta, the latter jointly liable with the Prime Minister's Office (pursuant to Law 117/1988 on the accountability of the judiciary), to pay Intesa Sanpaolo €173 million net of tax, plus legal interest running from 1 February 2015 to the date of final payment, plus legal expenses.

The above judgement followed:

- a) the judgement of the Rome Court of Appeal No.1306/2013, which overturned, on the basis of judicial corruption, the judgement handed down by that same Rome Court of Appeal in 1990, ordering IMI to pay the heir of entrepreneur Nino Rovelli (who passed away in the interim) the sum of approximately 980 billion Italian lire; and
- b) the compensation claim put forward by Intesa Sanpaolo (successor to IMI) on the basis of the judgements establishing the criminal liability of the corrupt judge (and his accomplices) and ordering the defendants to provide compensation for damages, referring the question of the amount of such damages to the civil courts.

The Court of Rome therefore proceeded to quantify the financial and non-financial damages due to Intesa Sanpaolo for a total of €173 million net of tax and after deduction of the amounts since received by the bank as part of the settlements with the Rovelli family and with the counterparties Previti and Pacifico.

Given that it was calculated net of tax, the award was grossed up and accounted for net of the amounts relating to: sums already recognised in the balance sheet (but not taken into account in the ruling by the Court of Rome) and to tax credits sold to Intesa Sanpaolo by the Rovelli family by way of settlement. These related to taxes previously paid by IMI as a result of the revoked, corrupt ruling, and the fiscal authorities have already been asked to pay them back. Consequently, €211 million has been booked in other operating income, along with the related taxes of €62 million.

The opposing parties have filed an appeal with a motion for a stay. The appeal briefs do not introduce any substantially new issues not considered and deemed groundless by the court.

In July 2016, the Rome Court of Appeal stayed the enforcement of the judgment of the first instance for the amount exceeding €130 million, in addition to accessory amounts and expenses, and continued the case for the entry of pleadings at the hearing on 12 June 2018. As a result of this decision, in December 2016 the Office of the President of the Council of Ministers credited Intesa Sanpaolo with the sum of €131,173,551.58 (corresponding to the €130 million of the order, in addition to legal interest and reimbursement of expenses). To avoid dispute, for the time being only the exact amount of the decision, without applying the "gross-up", has been demanded and collected. The case has been continued until June 2018.

Labour litigation

There were no significant cases of labour litigation from either a qualitative or quantitative standpoint as at 31 December 2016. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

Tax litigation

The Intesa Sanpaolo Group's tax litigation risks are covered by adequate provisions to allowances for risks and charges.

As at 31 December 2016, Intesa Sanpaolo had 234 pending litigation proceedings (303 as at 31 December 2015) for a total amount of €240 million (€847 million as at 31 December 2015, including three disputes in the settlement phase the value of which was €467 million), calculated considering proceedings in both in administrative and judicial venues at various instances. As regards those situations, actual risk was quantified at €81 million as at 31 December 2016 (€229 million at the end of 2015, of which €135 million relating to litigation being settled).

At the Intesa Sanpaolo Group's other Italian companies included in the scope of consolidation (with the exclusion of Risanamento S.p.A., not subject to management and coordination by Intesa Sanpaolo), tax litigation totalled €198 million as at 31 December 2016 (€217 million in 2015), covered by specific provisions of €35 million (€27 million at the end of 2015).

Tax disputes involving international subsidiaries, totalling €8 million (€537 million at the end of 2015), are covered by allowances of €3 million (€10 million at the end of 2015). The significant decrease in potential risks observed during 2016 is related to the settlement of the charge of illegal use of an offshore tax structure brought by the Italian tax authorities against the Luxembourg subsidiary Eurizon Capital S.A., (described further below).

The main events affecting Intesa Sanpaolo in 2016 included the following.

On 22 March 2016, by implementing the resolution of the Management Board of 23 February 2016, the Bank finalised a framework agreement with the Italian revenue agency (the "**Italian Revenue Agency**") to settle three important disputes deriving from two reports on findings by the Guardia di Finanza ("**Italian Tax Police**"), served in September 2013 and February 2015. Under the agreement, the above mentioned disputes, which represented approximately 55% of the a total value of the pending litigation of Intesa Sanpaolo, were settled for a total through the payment of €125 million by way of principal and interest. No penalties were levied.

During the year, also the procedure was completed for 2016 the implementation of the framework agreements stipulated with the Italian Revenue Agency in 2015 for complete settlement of the charges concerning the 2005 tax period 2005, resulting was also completed. The agreement resulted in a reduction of the revenue authority's Italian Revenue Agency's claim from the original €376 million (including tax, penalties and interest) to approximately €6 million (the so-called "Castello Finance dispute"). On 5 February 2016, the settlement led the reimbursement of €107 million, previously disbursed on a preliminary basis by Intesa Sanpaolo, and the related interest of €6 million.

With respect to the disputes concerning the recovery of registration tax on contributions of company assets and the subsequent sale of equity investments, reclassified by the tax authorities as transfer of business units, the Regional Tax Commission of Milan issued three rulings in the Bank's favour, filed on 20 February 2017, 25 May 2017 and 7 June 2017. The first tax dispute, having an approximate value of €2 million, concerns the reclassification of a transaction involving Cassa di Risparmio del Veneto, Cassa di Risparmio di Parma e Piacenza and Banca Popolare Friuladria; the second dispute (with a value of €1.7 million) concerns the reclassification of a transaction between Cassa di Risparmio di Firenze and Cassa di Risparmio di Parma e Piacenza; the third, with an approximate value of €28 million, concerns the assessment of the higher value of the company with regard to the securities services business line contributed to Intesa Sanpaolo Servizi Transazionali (which has since been sold to State Street Bank GMBH). Even though the rulings of the lower courts have all been in the Bank's favour except for one, in this type of cases Intesa Sanpaolo prudentially considers the often unfavourable rulings of the Court of Cassation, and has made provisions to cover potential charges, calculated taking into account joint liability (with the counterparties) and the clauses of the equity sale agreements, which generally make it possible to pass on to the buyer the taxes applying to the transaction.

On 20 April 2017, the Tax Authority lodged an appeal with the Court of Cassation in a tax dispute concerning IRES (corporate income tax) and IRAP (regional tax on production) for 2008, on which the first

and second instance courts had ruled in Intesa Sanpaolo's favour. The Bank then filed its defence. Differently from the Bank, the Tax Authority considers as charges equivalent for tax purposes to interest payable - subject to a limited 97% deductibility - the negative components of the fair value hedging derivatives of liabilities consisting of bonds and deposits (recognised under caption 90 of the income statement "Fair value adjustments in hedge accounting"). The aggregate value of the two joined tax disputes is €1.2 million as to IRES tax and €0.27 million as to IRAP tax, plus interest.

As concerns the reimbursement of tax credits, total credits of €105 million have been confirmed and partly reimbursed; they consist mainly of positions of the former Cassa di Risparmio della Puglia for IRPEG (former corporation tax) and ILOR (former local tax on earnings) relating to 1985 and 1986, and from 1990 to 1994 (€42 million in capital, plus interest).

In 2016 four cases of litigation with a total value of approximately €22.2 million (taxes, interest and penalties) were brought to a positive conclusion. The cases concerned registration tax paid on certain rulings of the judicial authority rendered in favour of a number of financial institutions in respect of pool loans to the Costanzo Group.

In addition, in August and November 2016, two auditors' reports, dated 27 July 2015 and 29 March 2016, issued by the Italian Revenue Agency, Emilia Romagna Regional Office, concerning the Italian corporate income tax ("**IRES**") of the merged company Neos Finance in tax periods 2011 and 2012, were resolved by tax settlement proposal. The claims, concerning IRES and penalties of about €3.4 million, in addition to interest, concern the determination criteria of the threshold under which the impairment of loans covered by insurance policies contracted by customers could be immediately deducted. Since the effects of the tax claim were strictly temporary, as it concerned an issue of timing only, the total effective amount of penalties and interest was €0.7 million for the two years.

The most significant tax disputes of the former Centro Leasing, relating to the years from 2003 to 2007 (total value of approximately €41.7 million) and primarily concerning lease-back transactions, were resolved in December 2016. Resolution of the cases entailed the payment of €1.8 million (taxes of €0.8 million, interest of €0.2 million and penalties of €0.8 million), covered in their entirety by previous provisions.

Turning to the other Intesa Sanpaolo Group companies, an agreement was reached with the Italian Revenue Agency, Emilia Romagna Regional Office, to settle the claims concerning the tax treatment by Intesa Sanpaolo Group's banks based in the region (Cariromagna, Carisbo and the merged Banca Monte Parma) of the losses related to the transfer of loans to customers out of the performing category, subject to lump-sum write-downs, to positions subject to individual impairment testing, as a consequence of their involvement in insolvency procedures. The total risk associated with the claims in question, €61 million, was settled for a total charge of €3 million (taxes of €2 million, interest of €0.3 million and penalties of €0.7 million). Deferred tax assets were recognised on the basis of the tax charge, which may be recovered in tax periods after the periods of assessment, since they derive from a challenge of jurisdiction. Consequently, the actual charge in the income statement is represented by the interest and penalties only, for a total of €1 million.

With respect to Mediocredito Italiano, on 29 June 2016, the Italian Revenue Agency, Lombardy Regional Office, served a report on findings relating to a tax audit launched on 9 April 2014 concerning direct taxes, Italian regional tax on productive activities ("**IRAP**"), VAT and obligations of the tax collection agents relating to the 2011 tax period. The audit concluded without any findings against Mediocredito Italiano. As for

previous disputes, a dispute concerning VAT for 2007, involving allegedly non-existent transactions and boat leasing (€6 million), was settled in a manner partially favourable to the company.

The Regional Tax Commission rejected the main appeal lodged by the Revenue Agency and, granting the cross-appeal filed by Mediocredito Italiano, annulled completely the assessment notice issued by the Revenue Agency, Large Taxpayers Office of Lombardy, concerning VAT in 2007 on boat leasing contracts of the former Intesa Leasing (value of the dispute €6.6 million including tax and penalties, plus interest).

As regards to Intesa Sanpaolo Group Services, on 26 May 2017 the tax assessment concerning IRES and IRAP for tax years from 2011 to 2014 was settled. The assessment concerned the consideration paid for the services of a Group company established in Romania supplying back office services to Intesa Sanpaolo Group Service. The settlement led to payment of additional taxes of €1.04 million (plus interest of about €0.12 million), without penalties, and with a reduction of €0.46 million from the amount assessed (approximately 30%). Please note that in May 2017 the Revenue Agency office in Turin requested information via a questionnaire on the contribution of a business unit from Intesa Sanpaolo to Intesa Sanpaolo Group Services which took place in 2012; specifically, the information sought concerns the VAT treatment of the consideration for the services provided by Intesa Sanpaolo to some subsidiaries, through the transferred business unit, in the part of the year prior of the transfer, but which were then billed by the transferee company ISGS. To date, the Bank has received no tax assessment notice in this regard.

In a case involving abuse of the law, Banca IMI was served an auditors' report by the Italian Tax Police on 20 July 2016 concerning the reclassification as repurchase agreements of transactions in securities and single stock futures on regulated markets undertaken in tax periods 2011 and 2012. An agreement was reached with the Italian Revenue Agency for 2011, under which it settled the claims were settled for a total charge of €1.8 million, compared to total claims of €25.6 million. Negotiations to reach a settlement on the basis of the same criteria applied for 2011 (the total value of the dispute is €42 million) are also under way for 2012.

In October 2016, the Italian Revenue Agency, Veneto Regional Office, served the conclusive auditors' report in the audit of Cassa di Risparmio del Veneto launched on 22 January 2016 relating to tax periods 2011 to 2014. The claims related solely to the fairness of the spread applied to Intesa Sanpaolo Bank Ireland on a subordinated loan and were resolved by levying IRES and IRAP on a total additional amount of €1.4 million for all of the tax periods considered. In the subsequent negotiations with the Italian Revenue Agency, the Veneto-based bank was able to obtain recognition of the validity of the criteria used to price the disputed transaction and to have the charge for 2011 reduced to tax and interest of €0.02 million, without penalties. On this basis, claims relating to the 2011 tax period was resolved through a tax settlement proposal. The same criteria will also be applied to the subsequent years, from 2012 to 2014.

The dispute with the Italian revenue authority concerning the Luxembourg subsidiary Eurizon Capital S.A. ("**EC LUX**"), as set out in the auditors' report dated 10 February 2015 issued by the Italian Tax Police, was settled in December 2016. Based on the claim (supported by documentation obtained by the auditors while at the offices of Eurizon SGR ("**EC SPA**")) that the company is resident in Italy for tax purposes due to the alleged presence in Italy of its administrative office and primary place of business, the auditors' report charged the company with failing to report income of approximately €731 million for the periods from 2004 to 2013. In June 2015, EC LUX received assessment notices for the periods from 2004 to 2008 (a total of €122 million of IRES due, plus interest and penalties), which it appealed, providing evidence that it had operated in Luxembourg since 1988 with over 50 highly qualified employees primarily dedicated to

managing, marketing and administering Luxembourg funds, it is subject to supervision by the local authorities and has always acted in full compliance with Italian tax law and the treaty for the avoidance of double taxation between Italy and Luxembourg.

In 2016 the Italian Revenue Agency, Lombardy Regional Office, which has jurisdiction over EC SPA, in coordination with Provincial Department 1 ("DP1"), reviewed the claims and conducted further inquiries concerning the relations between EC SPA and the Luxembourg subsidiary during the tax periods from 2011 to 2015. Following its review, the Regional Office concluded, in support of the soundness of the company's arguments, that during the periods 2003 to 2013 the Luxembourg company could not be considered to constitute an illegal offshore tax structure. However, according to the Regional Office, a part of the "profit" earned in the years in question by EC LUX should have been attributed to EC SPA, due to the alleged functional integration of the two companies and the contribution to management provided by the Italian parent to the Luxembourg subsidiary. According to a profit allocation model essentially based on a profit split, the Regional Office assigned EC SPA total taxable revenue for tax periods 2011 to 2015 of €102 million and total additional taxes due of €35 million, in addition to interest of €3 million, without any penalties. In addition, the Luxembourg company was permitted to file a petition (subject to review by the Luxembourg tax authority) to recover the taxes paid in Luxembourg on the taxable revenue attributed by the Regional Office to EC SPA, estimated at approximately €8 million.

Although EC SPA considers its position on transfer prices to be sound, a settlement was viewed in a favourable light due to the connection to the dispute concerning the illegal use of an offshore tax structure involving the Luxembourg subsidiary, which the Italian Revenue Agency simultaneously dismissed. In the agreement, finalised in December 2016, the Italian Revenue Agency thus acknowledged that it "considered the claims of illegal use of an offshore tax structure brought against Eurizon Capital SA in the auditors' report drafted on 12 February 2015 for the years 2004-2013 to be no longer current" and that it had "taken internal review measures with regard to the assessments issued to Eurizon Capital SA". In this framework, EC SPA has also filed a petition for an international transfer pricing ruling, so as to subject the adequacy of the transfer pricing system currently applied in dealings with foreign subsidiaries to more impartial, technical review. The ruling will enter into effect from the tax period in which the agreement is signed with the Italian Revenue Agency, but with possible retroactive effect, without the application of penalties, from the tax period in which the petition is filed (2016).

In November 2016, the Italian Revenue Agency, Lazio Regional Office, served Fideuram Vita with an auditors' report in which it proposed IRES and IRAP be levied on the additional sums of €0.75 million in 2012 and €0.01 million in 2013. Negotiations with the Italian Revenue Agency to settle the dispute are in progress.

In December 2016, an auditors' report issued by the Italian Revenue Agency, Lombardy Regional Office, in 2015 to Fideuram Investimenti SGR concerning IRES and IRAP for 2011, and specifically the fairness of the prices applied to outsourced management of investment funds on behalf of the Irish sister company Fideuram Asset Management Ireland, was settled. Resolution of the dispute entailed a total cost, by way of taxes and interest, of €2.3 million. An appropriate provision continues to be carried to cover the risk of a potential liability in connection with the same alleged irregularities in the subsequent periods of 2012 and 2013.

Cassa di Risparmio di Firenze received a request for clarification, for the years 2011 to 2013, concerning the VAT deductibility regime applied to purchases of goods and services by the merged Immobiliare Nuova

Sede S.r.l., the builder of a property complex intended for use as Intesa Sanpaolo's new headquarters. At present, no assessment notices have been served.

In December 2016, Intesa Sanpaolo Private Banking and Intesa Sanpaolo, as consolidating entity, were served assessment notices by the Italian Revenue Agency, Lombardy Regional Office, concerning claims involving 2011 IRES and IRAP. The notices claim that the tax realignment pursuant to Law Decree 185/2008 of the goodwill resulting from the contribution of business units by Intesa Sanpaolo and by Cariromagna and the resulting deduction of amortisation charges were unlawful. Due to the inability to deduct the portion (one-tenth) amortised in 2011, amounting to €11.6 million, the Italian Revenue Agency claimed additional IRES and IRAP of €3.8 million, penalties of €3.4 million and interest. After verifying that its behaviour was consistent with practice (Revenue Agency Circular 8/E of 4 March 2010), the company decided to conduct a defence in the appropriate legal venues. No provision was recognised, since the risk of a tax liability was regarded as remote.

Intesa Bank Russia is a party to an ongoing tax dispute concerning 2010 and 2011. The local tax authorities have disputed the application of the withholding of 0% envisaged in the treaty for the avoidance of double taxation in effect between Russia and Luxembourg on the interest paid by the Russian bank to Intesa Sanpaolo Holding International S.A. ("**ISPHI**") in respect of certain financing contracts. According to the Russian tax authorities, the beneficial owner of the interest is Intesa Sanpaolo and not ISPHI, characterised as a mere "conduit company". As a result, the interest paid by Intesa Bank Russia should have been subject to the 10% withholding tax envisaged in the Italy - Russia treaty. The value of the dispute, approximately €1.6 million (taxes, interest and penalties), has already been paid in full to the local tax authority. The third instance of the dispute, as the first two, was unfavourable to the company. The dispute in question could be extended to other years and financing transactions undertaken with other Intesa Sanpaolo Group companies, but at present the risk of a potential tax liability is deemed remote in that no back-to-back loans have been issued since 2012.

With regard to tax disputes in the first half of 2017, Intesa Sanpaolo has incurred no new disputes for significant amounts. However, it should be noted that on 15 May 2017 a general tax audit was launched by the Piedmont Regional Office - Large Taxpayers Office, concerning tax period 2014.

The main developments in the tax disputes already under way at the end of 2016 concerning the Bank are reported hereunder.

With respect to the disputes concerning the recovery of registration tax on contributions of company assets and the subsequent sale of equity investments, reclassified by the tax authorities as transfer of business units, the Regional Tax Commission of Milan issued three rulings in the Bank's favour, filed on 20 February 2017, 25 May 2017 and 7 June 2017. The first tax dispute, having an approximate value of €2 million, concerns the reclassification of a transaction involving Cassa di Risparmio del Veneto, Cassa di Risparmio di Parma e Piacenza and Banca Popolare Friuladria; the second dispute (with a value of €1.7 million) concerns the reclassification of a transaction between Cassa di Risparmio di Firenze and Cassa di Risparmio di Parma e Piacenza; the third, with an approximate value of €28 million, concerns the assessment of the higher value of the company with regard to the securities services business line contributed to Intesa Sanpaolo Servizi Transazionali (which has since been sold to State Street Bank GMBH). Even though the rulings of the lower courts have all been in the Bank's favour except for one, Intesa Sanpaolo prudentially considers the often unfavourable rulings of the Court of Cassation, and has made provisions to cover potential charges, calculated taking into account joint liability (with the

counterparties) and the clauses of the equity sale agreements, which generally make it possible to pass on to the buyer the taxes applying to the transaction.

On 20 April 2017, the Tax Authority lodged an appeal with the Court of Cassation in a tax dispute concerning IRES (corporate income tax) and IRAP (regional tax on production) for 2008, on which the first and second instance courts had ruled in Intesa Sanpaolo's favour. Intesa Sanpaolo then filed its defence. Differently from Intesa Sanpaolo, the Tax Authority considers as charges equivalent for tax purposes to interest payable - subject to a limited 97% deductibility - the negative components of the fair value hedging derivatives of liabilities consisting of bonds and deposits (recognised under caption 90 of the income statement "Fair value adjustments in hedge accounting"). The aggregate value of the two joined tax disputes is €1.2 million as to IRES tax and €0.27 million as to IRAP tax, plus interest.

In relation to the reimbursement of tax credits, total credits of €105 million have been confirmed and partly reimbursed; they consist mainly of positions of the former Cassa di Risparmio della Puglia for IRPEG (former corporation tax) and ILOR (former local tax on earnings) relating to 1985 and 1986, and from 1990 to 1994 (€42 million in capital, plus interest).

Also considering the absence of significant changes compared to 31 December 2016, the tax litigation risks are deemed to be covered by adequate allowances for risks and charges.

SUMMARY OF THE PROGRAMME

- Issuer:** INTESA SANPAOLO S.p.A. acting through its Hong Kong Branch
- Programme:** Under the programme agreement dated 27 March 2018 as amended, modified, restated or supplemented from time to time (the "**Programme Agreement**"), the Bank, and any Arranger(s), Dealer(s) and Agent(s) appointed under the Programme Agreement may agree the issue of CDs.
- Rating(s) of the Programme:** The Programme has been rated as follows:
- (a) Moody's Investors Service ("**Moody's**"): CDs issued under the Programme and maturing in one year are rated P-2 and CDs issued under the Programme and maturing in more than one year are rated Baa1; and
 - (b) S&P Global Ratings, a division of the McGraw Hill Companies Inc ("**S&P**"): CDs issued under the Programme and maturing in less than one year are rated A-2 and CDs maturing in one year or more are rated BBB.
- A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency.
- Arrangers:** The Arranger stated as such on the front of this Information Memorandum will be the initial Arranger for the Programme. The Bank may from time to time appoint additional Arrangers or may terminate the appointment of any Arranger under the Programme.
- Dealers:** The Dealers stated as such on the front of this Information Memorandum will be the initial Dealers for the Programme. The Programme Agreement and related programme documents enable Dealers to join the Programme for the purpose of isolated private placements or syndications or on a permanent basis (in which case, they are referred to as "**Dealers**"). The Bank may from time to time appoint additional Dealers either in respect of one or more Series or in respect of the whole Programme or may terminate the appointment of any Dealer under the Programme by giving not less than 14 days' prior notice.
- Issuing Agent, Paying Agent and Calculation Agent:** In respect of the Programme generally, Intesa Sanpaolo S.p.A. is appointed as the initial Programme Agent and will act as issuing agent, paying agent and calculation agent for the issue of any CDs under the Programme Agreement (in the relevant capacity, the "**Issuing Agent**", the "**Paying Agent**" and the "**Calculation Agent**") until such time as either: (i) in relation to the Programme generally, such other person may be appointed as Programme Agent under an agency appointment agreement in substantially the form set out in the Programme Agreement (an "**Agency Appointment Agreement**") in which case that person shall be appointed

as Programme Agent and will act as the Issuing Agent, the Paying Agent and the Calculation Agent; or (ii) in respect of a particular Series, such other person as may be appointed in a particular capacity under an Agency Appointment Agreement. Each appointment of an Agent shall continue until it has been terminated.

Programme Limit: On the date of this Information Memorandum, the total face amount of CDs that can be issued and remain outstanding under the Programme Agreement should not exceed HK\$5,000,000,000 or its equivalent (calculated on the Deposit Date of the CDs to be issued) in alternative currencies. However, there are provisions in the Programme Agreement which permit the Bank to increase this amount at any time on notice to any Arranger(s), Dealer(s) and Agent(s).

Currencies: CDs may be denominated in:
Hong Kong dollars ("**HK\$**");
United States dollars ("**US\$**");
Renminbi ("**CNY**");
Euro ("**EUR**");
Singapore dollars ("**SGD**");
Japanese yen ("**JPY**"), or
other currencies agreed between the Bank and any relevant Dealer(s) and Agent(s) (each an "**Alternate Currency**").

Series: CDs will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest in the case of Fixed Rate CDs or Floating Rate CDs (each as defined below)). The CDs of each Series will be interchangeable with all other CDs of that Series.

Conditions: Each CD will be subject to and will benefit from general terms and conditions (the "**Conditions**") in the form set out under "Form of Conditions" below.

Each Series, and each CD in a Series, will additionally be subject to, and will benefit from, the specific terms set out at the front of a CD (the "**Issue Terms**"). If there is any conflict, the Issue Terms for a CD will prevail over the Conditions. The form of an uncompleted Issue Terms is set out under "Form of Issue Terms" below.

Fixed Rate CDs: Fixed Rate CDs may be issued which bear fixed rate interest, payable in arrears on the date or dates specified in the CDs.

Floating Rate CDs: Floating Rate CDs may be issued which bear floating rate interest, payable in arrear at rates set separately for each Series. Interest Periods may be

1, 3, 6 or 12 month(s) or as otherwise provided.

Discounted CDs: Discounted CDs may be issued at their principal amount or at a discount which do not bear interest.

Form: Each CD will evidence the deposit of a stated sum in HK\$, US\$, CNY, EUR, SGD, JPY or an Alternate Currency (as the case may be) for a fixed term and will be a Fixed Rate CD, Floating Rate CD or Discounted CD or in such other form as may be issued from time to time.

CDs will initially be issued in global form, representing notional interests in definitive CDs.

Depending on the terms of a particular series, CDs will either be represented initially by a permanent global CD (a "**Permanent Global CD**") or by a temporary global CD (a "**Temporary Global CD**" and together with a Permanent Global CD, the "**Global CDs**") in accordance with the TEFRA C Rules or the TEFRA D Rules, respectively, pursuant to Section 163(f)(2)(B) of the U.S. Internal Revenue code and rules substantially in the form of Section 1.163-5(c) of the United States Treasury Regulations.

CDs represented initially by a Temporary Global CD in accordance with the TEFRA D Rules will be exchangeable for interests in a Permanent Global CD in the circumstances set out in the Temporary Global CD. These will include a requirement for the holder to provide a certificate of non-US beneficial ownership. In order to provide this, each investor holding an interest in the relevant CDs will need to provide a certificate of non-US beneficial ownership to the Bank or the relevant clearing system.

A Global CD will, in very limited circumstances, be exchangeable for bearer CDs in definitive form ("**Definitive CDs**").

Issuance Methods: The CDs may be issued on a syndicated or non-syndicated basis.

For syndicated issues, institutions may become syndicate dealers ("**Syndicate Dealers**") for a particular Series. Syndicate Dealers will become Dealers under the Programme Agreement and will benefit from and be subject to the Programme Agreement in respect of the CDs they subscribe for in a particular Series by signing a Syndication Agreement.

For a non-syndicated issue, the Bank may solicit offers for CD purchases from Dealers or it may respond to unsolicited offers made by Dealers. The Bank may also issue CDs under the Programme Agreement directly to non-Dealers (including its customers).

Custody and Clearing Systems: Global CDs may be retained in safe custody (on behalf of Relevant Accountholders (as defined in the form of CDs set out in Schedule 2 (*Form of Permanent Global CD*) to the Programme Agreement)) by the Bank or a nominated custodian for the Bank.

Global CDs may be lodged with the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the "**CMU Service**"), or with a common depository for Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") or any additional or alternative clearing system as may be agreed by the Dealer(s), Arranger(s) and Agent(s). CDs may be cleared through the CMU Service, Clearstream, Luxembourg and/or Euroclear and/or any additional or alternative clearing system as may be agreed by the Dealer(s), Arranger(s) and Agent(s).

For each Series, the Bank and the relevant Dealer(s) will agree the lodging and clearing arrangements for the Global CD(s).

Issue Price: Subject to any applicable regulatory restrictions, CDs may be issued at their principal amount or at a discount or premium to their principal amount.

Tenor of CDs: Subject to any applicable regulatory restrictions, CDs may be issued for maturities of any tenor.

Interest Payment Dates: To be determined for each issue of Fixed Rate CDs and Floating Rate CDs.

Interest Rate: To be determined for each issue of Fixed Rate CDs. Interest Rates for Floating Rate CDs will be expressed as a margin to HIBOR (as defined below) (in relation to HK\$), LIBOR (as defined below) (in relation to US\$ or JPY), SHIBOR (as defined below) (in relation to CNY) determined by reference to either Reuters Markets 3000 or shibor.org, EURIBOR (as defined below) (in relation to EUR), SIBOR (as defined below) (in relation to SGD), or in any case as otherwise agreed for a particular issue and set out in the relevant CD.

"**EURIBOR**" will be the rate determined by the Bank or, if applicable, a Calculation Agent at or about 11:00 a.m. (Brussels time) on the Interest Determination Date on the basis of "**Reuters**" page EURIBOR01 or such other alternative appropriate page or service for the purpose of displaying Euro-zone inter-bank offered rates of leading banks for Euros as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be agreed.

"**HIBOR**" will be the rate determined by the Bank or, if applicable, a Calculation Agent at or about 11:00 a.m. on the Interest Determination Date on the basis of Reuters page HKABHIBOR or such other alternative appropriate page or service for the purpose of displaying Hong Kong inter-bank offered rates of leading banks of Hong Kong dollars as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be agreed.

"**LIBOR**" will be the rate determined by the Bank or, if applicable, the Calculation Agent at or about 11:00 a.m. (London time) on the Interest Determination Date:

- a) in the case of United States dollars, on the basis of Reuters LIBOR page or such other alternative appropriate page or service for the purpose of displaying London inter-bank offered rates of leading banks for U.S. dollars as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be agreed; or
- b) in the case of Japanese yen, on the basis of Reuters page 3750 or such other alternative appropriate page or service for the purpose of displaying London inter-bank offered rates of leading banks for Japanese yen as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be agreed.

"**SHIBOR**" means the rate determined by the Bank or, if applicable, a Calculation Agent at or about 11:30 a.m. (Beijing time) on the Interest Determination Date on the basis of the Shanghai Interbank Offered Rate as published on <http://www.shibor.org>, by China Foreign Exchange Trade System & National Interbank Funding Centre under the authorisation of the People's Bank of China, or such other alternative appropriate page or service for the purpose of displaying PRC inter-bank offered rates of leading banks for Renminbi as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be agreed.

"**SIBOR**" will be the rate determined by the Bank or, if applicable, a Calculation Agent at or about 11:00 a.m. (Singapore time) on the Interest Determination Date on the basis of Reuters page ABSIRFIX01 or such other alternative appropriate page or service for the purpose of displaying Singapore inter-bank offered rates of leading banks of Singapore dollars as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be agreed.

**Interest and
Withholding Tax:**

All payments of principal and interest (if any) under a CD will be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties or other governmental charges of whatsoever nature imposed or levied by or on behalf of Hong Kong, Italy or any authority in Hong Kong or Italy having power to tax unless the Bank is required by law to deduct or withhold any such taxes, duties or other governmental charges, in which event the Bank will pay in like manner and at the same time such additional amounts as will be necessary in order to ensure that the net amounts received by the holder of a CD or the Relevant Accountholder which has an interest in a CD (in each case a "**Payee**") after that deduction or withholding will equal the respective

amounts of principal and interest which would have been receivable by that Payee if no such deduction or withholding had been required to be made except that no such additional amounts will be payable in respect of any payment to be made:

- a) to the extent that a Payee is liable to those taxes, duties or governmental charges in respect of its interest in that CD by reason of its having some connection with Hong Kong or Italy other than the mere holding of, or of an interest in, that CD;
- b) where such withholding or deduction could be avoided by the Payee making a declaration of non-residence or other similar claim for exemption to the appropriate authority or by providing other reasonable information regarding the Payee's identity;
- c) more than 30 days after the Relevant Date (as defined in the form of CDs set out in Schedule 2 (*Form of Permanent Global CD*) to the Programme Agreement) except to the extent that the Bank would have been required to pay such additional amounts on the last day of the period of 30 days; or
- d) where such withholding or deduction is required pursuant to Italian Presidential Decree No. 600 of 29 September 1973 as amended.

Tax Call:

If the Bank is or will be obliged to make any additional payment as provided above in respect of any CDs as a result of any change in, or in the official interpretation or administration of, any laws or regulations of Hong Kong or Italy or any other authority thereof or therein then, subject to certain notice requirements, it may redeem those CDs (provided that the relevant notice period must expire on an Interest Payment Date in the case of Fixed Rate CDs or Floating Rate CDs).

Italian bail-in tool

Under the BRRD, and any laws, regulations, rules or requirements in effect in the Republic of Italy relating to the transposition of the BRRD, including but not limited to the BRRD Decrees, and the instruments, rules and standards created thereunder (together, the "**Italian bail-in provisions**"):

- a) any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period); and
- b) any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised.

For these purposes, "**regulated entities**" include any credit institutions (and banks), investment firms and certain banking group companies (including relevant parent undertakings, subsidiaries and/or certain

affiliates of credit institutions, banks and investment firms) incorporated in the Republic of Italy.

The "**Italian bail-in tool**" is the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including the Deposits and/or CDs) to equity, which equity could also be subject to any future application of the general bail-in tool, existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to the transposition of the BRRD, as amended from time to time, including but not limited to the BRRD Decrees, as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which (i) any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period); and (ii) any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised.

**Contractual
acknowledgement of
Italian bail-in tool
under the CDs:**

Notwithstanding any other term of the CDs or any other agreements, arrangements, or understandings between the Bank and any holder, by its acquisition of the CDs, each holder (which, for these purposes, includes each holder of a beneficial interest in the CDs) acknowledges, accepts, consents and agrees to be bound by:

- a) the effect of the exercise of any Italian bail-in tool by the relevant resolution authority, that may include and result in any of the following, or some combination thereof:
 - (i) the reduction of all, or a portion, of the Amounts Due;
 - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Bank or another person (and the issue to or conferral on the holder of the CDs of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the CDs;
 - (iii) the cancellation of the CDs; or
 - (iv) the amendment or alteration of the maturity of the CDs or amendment of the amount of interest payable on the CDs, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- b) the variation of the terms of the CDs, if necessary, to give effect to the exercise of any Italian bail-in tool by the relevant resolution

authority.

For these purposes, the "**Amounts Due**" are the principal amount of, together with any accrued but unpaid interest due on, the CDs.

No repayment or payment of Amounts Due on the CDs to the extent of the exercise of any Italian bail-in tool in respect of such amounts:

No repayment or payment of Amounts Due on the CDs will become due and payable or be paid after the exercise of any Italian bail-in tool by the relevant resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

No default as a result of the exercise of any Italian bail-in tool:

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Bank or another person, as a result of the exercise of any Italian bail-in tool by the relevant resolution authority with respect to the Bank, nor the exercise of any Italian bail-in tool by the relevant resolution authority with respect to the CDs will be a default or otherwise constitute non-performance of a contractual obligation, or entitle the holder of the CDs to any remedies (including equitable remedies), which are hereby expressly waived.

Notice to holders of CDs upon the exercise of any Italian bail-in tool:

Upon the exercise of any Italian bail-in tool by the relevant resolution authority with respect to the CDs, the Bank will use commercially reasonable efforts to provide a written notice to the holders of CDs in accordance with the Conditions as soon as practicable regarding such exercise of the Italian bail-in tool. The Bank will also deliver a copy of such notice to the Paying Agent for information purposes although the Paying Agent shall not be required to send such notice to any holder of the CDs.

Upon the exercise of any Italian bail-in tool by the relevant resolution authority: (a) the Paying Agent shall not be required to take any directions from any holders of the CDs; and (b) the relevant Agency Appointment Agreement shall impose no duties upon the Paying Agent whatsoever, in each case with respect to the exercise of any Italian bail-in tool by the relevant resolution authority.

If the relevant resolution authority exercises the Italian bail-in tool with respect to less than the total Amounts Due, then unless the Paying Agent is otherwise instructed by the Bank or the relevant resolution authority, any cancellation, write off or conversion made pursuant to the Italian bail-in tool will be made on a pro-rata basis.

Holders of CDs accept exercise of Italian bail-in tool without prior notice and authorise the implementation

By its acquisition of the CDs, each holder (including, for these purposes, each holder of a beneficial interest in the CDs): (a) acknowledges, accepts, consents and agrees to be bound by the exercise of any Italian bail-in tool as it may be exercised without any prior notice by the relevant resolution authority of its decision to exercise such power with respect to such CDs

thereof

and (b) shall be deemed to have authorised, directed and requested the relevant clearing systems and any direct participant in the relevant clearing systems or other intermediary through which it holds such CDs to take any and all necessary action, if required, to implement the exercise of any Italian bail-in tool with respect to such CDs as it may be exercised, without any further action or direction on the part of such holder or the Paying Agent.

See "*Certain Disclosures Relating to the Exercise of the Italian Bail-in Tool with respect to the CDs*" above and "*Form of Conditions*" below.

Status of the CDs:

The obligations of the Bank in respect of the relevant CDs will constitute direct, unconditional, unsecured and unsubordinated obligations of the Bank and will at all times rank:

- a) under the laws of Italy *pari passu* without any preference of priority among themselves and at least *pari passu* in all respects with all present and future unsecured and unsubordinated obligations of the Bank other than obligations mandatorily preferred by law applying to companies generally; and
- b) under the laws of Hong Kong, with the exception of Small Deposit Priorities, obligations in respect of taxes and other obligations subject to statutory liens, preferences or priorities, *pari passu* without any preference or priority among themselves and at least *pari passu* in all respects with all other present and future deposits of the Hong Kong Branch of the Bank and all other present and future unsecured obligations of the Bank.

"Small Deposit Priorities" means the priority given to depositors with an authorised institution in Hong Kong in respect of which deposits in aggregate of up to HK\$500,000 under Section 265 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) and any other statutory priority given under the laws of Hong Kong to certain depositors.

Minimum size per series:

HK\$8,000,000 for a Series of HK\$ CDs;
US\$1,000,000 for a Series of US\$ CDs;
CNY6,000,000 for a Series of CNY CDs;
EUR1,000,000 for a Series of EUR CDs;
SGD1,000,000 for a Series of SGD CDs;
JPY200,000,000 for a Series of JPY CDs;
the Alternate Currency Equivalent of HK\$8,000,000 for a Series of Alternate Currency CDs,
or such other amount (subject to applicable laws and regulations) as may

be agreed.

**Denominations of
Definitive CDs:**

HK\$1,000,000 (or any whole multiple) for a HK\$ CD;

US\$200,000 (or any whole multiple) for a US\$ CD;

CNY1,000,000 (or any whole multiple) for a CNY CD;

EUR100,000 (or any whole multiple) for a EUR CD;

SGD200,000 (or any whole multiple) for a SGD CD;

JPY100,000,000 (or any whole multiple) for a JPY CD,

or such other amount (subject to applicable laws and regulations) as may be agreed for a particular issue or for an Alternate Currency CD.

Payments:

On each relevant Interest Payment Date and the date specified in the relevant Issue Terms for repayment of the principal amount of the Deposit evidenced by a CD (or any earlier date on which the principal amount of the Deposit evidenced by a CD may become due and payable in accordance with the Conditions of a CD) (the "**Maturity Date**"), the Bank or, if applicable, the Paying Agent will pay interest (in respect of the interest bearing CDs) and, if applicable, principal to the CMU Accountholder whose account is credited with an interest in the Global CD held by the CMU Service or, in the case of a CD held through Euroclear or Clearstream, Luxembourg, to their common depositary for onward payment to Relevant Accountholders. If a CD is not held by the CMU Service, Euroclear, Clearstream, Luxembourg, the Bank or a nominated custodian for the Bank, the Bank or, if applicable, the Paying Agent will arrange payment of interest or principal, as appropriate, to the holder of that CD on presentation or surrender of the CD to the Bank or, if applicable, the Paying Agent at the address specified in that CD.

"**CMU Accountholder**" means, for any CD held by the CMU Service, any person(s) whose account(s) interests in that CD are credited in accordance with the agreements, rules and regulations from time to time governing the operation of the CMU Service (the "**CMU Rules**") as disclosed in a CMU Instrument Position Report.

In respect of CDs other than CNY CDs, payments will be made by cheque, banker's draft, credit to a customer's account or otherwise in accordance with customary practice. In respect of CNY CDs, payment shall be made by credit to a Renminbi bank account maintained in accordance with applicable laws and regulations at a bank in Hong Kong.

Acceleration Events:

If any of the following occurs it will be a "**Default**":

- a) **Non-Payment:** The Bank fails to pay any principal or interest on a CD of a particular Series when due and that failure continues for a period of 7 days;

- b) **Insolvency:** the Bank (A) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, (B) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, (C) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or of a particular type of) its debts (or of any material part which it will otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of those debts, or (D) a memorandum is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Bank; or
- c) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Bank, or the Bank ceases or threatens to cease to carry on all or a material part of its business or operations except for the purpose of and followed by a solvent reconstruction, amalgamation, reorganisation, merger or consolidation.

If a Default occurs, the holder of a CD or a Relevant Accountholder can declare, by notice in writing given to the Bank or, if applicable, the Paying Agent, the CDs to be immediately due and payable and at that time those CDs will become immediately due and payable at their principal amount:

- a) for a Fixed Rate CD and a Floating Rate CD, together with accrued interest; or
- b) for a Discounted CD, subject to a deduction from the Global Principal Amount (as defined in Schedule 2 (*Form of Permanent Global CD*) to the Programme Agreement) (for a Global CD) or Nominal Definitive Principal Amount (as defined in the Issue Terms) (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate (as defined in the Issue Terms) and on the basis of:
 - (i) the years remaining from the date fixed for redemption to the Maturity Date (for a CD with an original tenor of more than 364 days); or
 - (ii) the actual number of days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction (as defined in the Issue Terms) (for a CD with an original tenor of 364 days or less),

without further formality unless that repayment event is remedied before the Bank or, if one is specified in the Issue Terms, the Paying Agent

receives the notice.

Put Options: A Series of CDs may be issued on the basis that the holder(s) can require redemption on one or more dates before the stated Maturity Date.

Call Options: A Series of CDs may be issued on the basis that the Bank can redeem the whole Series on one or more dates before the stated Maturity Date.

Deed of Covenant: The Bank has entered into the Deed of Covenant dated 27 March 2018 ("**Deed of Covenant**") for the benefit of the Relevant Accountholders (as defined in that document). Copies of the Deed of Covenant are available for inspection by Relevant Accountholders during normal business hours at the offices of the Bank or any applicable Paying Agent.

Governing Law: Hong Kong law.

This is a summary of some of the terms and conditions set out in the Programme Agreement. Each Dealer will have a copy of the Programme Agreement.

FORM OF ISSUE TERMS

MiFID II product governance / target market: Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the CDs has led to the conclusion that: (i) the target market for the CDs is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**") [MiFID II] and (ii) all channels for distribution of the CDs to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the CDs (a "**distributor**") should take into consideration the manufacturer[s]'s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the CDs (by either adopting or refining the manufacturer[s]'s target market assessment) and determining appropriate distribution channels.

[Prohibition of sales to EEA retail investors: The CDs are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIPs Regulation**") for offering or selling the CDs or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the CDs or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.]**

**** Legend to be included on front of the Issue Terms if the CDs potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".**

The form of Issue Terms that will be completed for each Series is set out below:

Include whichever of the following apply or specify "Not Applicable". The numbering should remain as set out below, even if "Not Applicable" is specified for individual sections. Language in italics are directions for completing the Issue Terms. That language should not appear in a final Issue Terms and, if it does, it shall have no legal effect.

This document constitutes the Issue Terms relating to the issue of certificates of deposit ("**CDs**") described below.

The deposits evidenced by CDs issued under the Programme: (a) are not "protected deposits" under, and are not protected by, the Deposit Protection Scheme established by the Hong Kong Deposit Protection Board pursuant to the Deposit Protection Scheme Ordinance (Cap. 581 of the Laws of Hong Kong) and; (b) are not guaranteed by the Hong Kong Government's Exchange Fund.

Identification

- | | | | |
|----|-------------------------------|--|--|
| 1. | Issue Type: | Institutional | <i>Specify in all Issue Terms</i> |
| 2. | Series Identification: | [_____] | <i>Specify in all Issue Terms</i> |
| 3. | Certificate No.: | [_____] | <i>Specify in Issue Terms attached to Definitive CD</i> |
| 4. | CMU Instrument No.: | [_____]
[Not Applicable] | <i>Specify in Issue Terms attached to Issue Terms Confirmation and CDs</i> |
| 5. | ISIN/Common Code: | [_____]
[Not Applicable] | <i>Specify in Issue Terms attached to Issue Terms Confirmation and CDs</i> |
| 6. | Initial Custody Arrangements: | The Permanent Global CD or, if applicable, Temporary Global CD will, on the Deposit Date be lodged with [a custodian for the CMU Service/a common depository for Euroclear and Clearstream, Luxembourg/the Bank or a nominated custodian for the Bank] | <i>Specify in all Issue Terms</i> |

Amount and Tenor

- | | | | |
|----|---|---|---|
| 7. | Initial Global Principal Amount (of Global CD): | [State amount in figures (and words)] | <i>Bank has option to specify in Issue Terms attached to Written Request for Bids</i>

<i>Specify in Issue Terms attached to Issue Terms Confirmation and CDs</i> |
| 8. | Currency: | [Hong Kong dollars / United States dollars / Renminbi ⁵ / Euros / Singapore dollars / Japanese yen / state Alternate Currency] | <i>Specify in all Issue Terms</i> |
| 9. | Deposit Date: | [_____] | <i>Specify as a date or range of dates on Issue Terms attached to Written Request for Bids, Response to</i> |

⁵ In respect of CDs denominated in Renminbi, purchasers of the CDs should note that Renminbi is not freely convertible at present. All payments in respect of such CDs shall be made solely by credit to a Renminbi bank account maintained in Hong Kong in accordance with applicable laws and regulations. The Bank cannot be required to make payment by any other means (including in bank notes or by transfer to a bank account in the PRC or anywhere else outside Hong Kong). In addition, if the Bank is not able to obtain sufficient amount of Renminbi for the purposes of making payments on such CDs in a timely manner due to exchange controls and restrictions applicable to Renminbi, purchasers of such CDs may not receive the full amount in Renminbi upon redemption.]

Request for Bids or Unsolicited Offer

Specify in Issue Terms attached to Issue Terms Confirmation and CDs

10. Maturity Date: **[[State number of Months/Years] from the Deposit Date] or [state Maturity Date]** *Bank has option to specify this in Issue Terms attached to Written Request for Bids, Response to Request for Bids or Unsolicited Offer*

[Interest Payment Date falling in [state month and year of maturity]] or [state Maturity Date] [or such earlier date on which the Deposit becomes repayable in accordance with the Conditions] *Specify this in Issue Terms attached to Issue Terms Confirmation and CDs*

11. Maturity Extension: (not applicable to Discounted CDs unless terms are specified for calculating the yield of that CD in the event that the Maturity Extension is exercised in section 42 (*Special Features*) below) **[Applicable] [Not Applicable]** *Specify in all Issue Terms*

12. Maturity Extension Notice Window: **[The period starting on the date falling [] [Business Days/days] before and ending on the date falling [] [Business Days/days] before the Maturity Date] [Not Applicable]** *Specify in all Issue Terms*

13. Extended Maturity Date: **[[State number of Months/Years] from the Deposit Date] or [state Maturity Date]** *Bank has option to specify this in Issue Terms attached to Written Request for Bids, Response to Request for Bids or Unsolicited Offer*

[Interest Payment Date falling in [state month and year of maturity]] or [state Maturity Date] [or such earlier date on which the Deposit becomes *Specify this in Issue Terms attached to Issue Terms Confirmation and CDs*

repayable in accordance with the Conditions]

Type of CD and Yield

- | | | | |
|-----|--|--|--|
| 14. | Interest Rate Basis: | [Fixed Rate/Floating Rate/Discounted//Other] | <i>Specify in all Issue Terms</i> |
| 15. | Interest Rate (Fixed Rate): | [[_____] per cent. per annum [for [_____][st/nd/rd/th] Interest Period]]
[Not Applicable] | <i>Bank has option to specify in Issue Terms attached to Written Request for Bids</i>
<i>Specify in Issue Terms attached to Response to Request for Bid, Unsolicited Offer, Issue Terms Confirmation and CDs.</i> |
| 16. | Floating Rate Benchmark (Floating Rate): | [HIBOR/LIBOR/SHIBOR/EURIBOR/SIBOR/other]
[Reuters/shibor.org/other] [Not applicable] | <i>Specify in all Issue Terms for Floating Rate CDs</i> |
| 17. | Reference Banks (Floating Rate): | [_____ As per Conditions]
[Not Applicable] | <i>Specify in all Issue Terms for Floating Rate CDs</i> |
| 18. | Margin (Floating Rate): | [_____] [Not Applicable] | <i>Bank has option to specify in Issue Terms attached to Written Request for Bids.</i>
<i>Specify in Issue Terms attached to Response to Request for Bid, Unsolicited Offer, Issue Terms Confirmation and CDs.</i> |
| 19. | Interest Payment Dates: | [[_____]Monthly]

[States Dates and Months]
[Not Applicable] | <i>Specify in Issue Terms attached to Written Request for Bids, Unsolicited Offer and Response to Requests for Bids</i>
<i>Specify in Issue Terms attached to Issue Terms Confirmation and CDs</i> |
| 20. | Discounted Bid Rate (Discounted): | [[_____] per cent. per annum]
[Not Applicable] | <i>Bank has option to specify in Issue Terms attached to Written Request for Bids.</i>
<i>Specify in Issue Terms attached to Response to Request for Bids, Unsolicited Offer, Issue Terms Confirmation and CDs.</i> |

NB. CDs with tenor of more than 364 days may require a specific formula.

- | | | | |
|-----|--------------------------------------|---|--|
| 21. | Initial Purchase Price (Discounted): | [HK\$[]/US\$[]/CNY[]/
[EUR[]/SGD[]/JPY[]/
[other] | <i>Specify in Issue Terms attached to Issue Terms Confirmation and CDs</i> |
| 22. | Interest Determination Date: | []
[As per Conditions]
[Not Applicable] | <i>Bank has option to specify in Issue Terms attached to Written Request for Bids.</i>

<i>Specify in Issue Terms attached to Response to Request for Bids, Unsolicited Offer, Issue Terms Confirmation and CDs.</i> |

Put and Call Features

- | | | | |
|-----|-------------------------------|--|-----------------------------------|
| 23. | Put Option: | [Applicable]
[Not Applicable] | <i>Specify in all Issue Terms</i> |
| 24. | Put Option Exercise Date(s): | [Interest Payment Date falling in []] [Not Applicable] | <i>Specify in all Issue Terms</i> |
| 25. | Put Option Exercise Window | [The period starting on the date falling []
[Business Days/days] before and ending on the date falling [] [Business Days/days] before each Put Option Exercise Date][Not Applicable] | <i>Specify in all Issue Terms</i> |
| 26. | Call Option: | [Applicable]
[Not Applicable] | <i>Specify in all Issue Terms</i> |
| 27. | Call Option Exercise Date(s): | [Interest Payment Date falling in []] [Not Applicable] | <i>Specify in all Issue Terms</i> |
| 28. | Call Option Exercise Window | [The period starting on the date falling []
[Business Days/days] before and ending on the date falling [] [Business Days/days] before each Call Option Exercise Date][Not Applicable] | <i>Specify in all Issue Terms</i> |

Applicable]

Calculation Methods

29. Day Count Fractions: [Actual/365] *Specify in all Issue Terms*
[Actual/365 (Fixed)]
[Actual/360] [30/360]
[30E/360]
[As per Conditions] [Other]
30. Business Day Convention: [Floating Rate] [Following] *Specify in all Issue Terms*
[Modified Following]
[Preceding] [As per
Conditions]
[Not Applicable]
31. Additional Principal Financial Centre [_____] *Bank has option to specify in Issue
Terms attached to Written Request
for Bids.*
[Not Applicable]

Terms for Definitive CDs

32. Nominal Definitive Principal Amount: [State amount in figures (and words)] *Specify in all Issue Terms*
33. Number of Definitive CDs initially represented by Global CD in a Series: [State number in figures (and words)] *Bank has option to specify in Issue
Terms attached to Written Request
for Bids.*
*Specify in Issue Terms attached to
Response to Request for Bids,
Unsolicited Offer, Issue Terms
Confirmation and CDs.*

Agents

34. Issuing Agent: [Intesa Sanpaolo S.p.A.] *Specify in all Issue Terms*
[State name and address]
35. Paying Agent: [Intesa Sanpaolo S.p.A.] *Specify in all Issue Terms*
[State name and address]
36. Calculation Agent: [Intesa Sanpaolo S.p.A.] *Specify in all Issue Terms*
[State name and address]

Certification and distribution

37. Whether TEFRA D/C Rules applicable or TEFRA Rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable] *Specify in all Issue Terms*
38. Certification: [TEFRA D] *Specify in all Issue Terms*

39. Certification Date: [Not Applicable]
 [_____]
 [Not Applicable] *Specify in all Issue Terms. To be specified by the Bank. This would usually be the date following expiry of 40 (forty) days after completion of distribution*
40. Prohibition of sales to EEA retail investors: [Applicable] [*Specify any exemptions relied upon*]
 [Not Applicable] *Specify in all Issue Terms*
41. Additional selling restrictions: [Not Applicable/*give details*] *Specify in all Issue Terms*

Special Features

42. [Applicable] [State any special terms and conditions]
 [Not Applicable] *State whether applicable or not and, if applicable set out the terms particular to the series.*

Ratings

43. Ratings: **Moody's:** CDs issued under the Programme and maturing in one year are rated P-2 and CDs issued under the Programme and maturing in more than one year are rated Baa1. *Specify in all Issue Terms*
S&P: CDs issued under the Programme and maturing in less than one year are rated A-2 and CDs maturing in one year or more are rated BBB.

FORM OF CONDITIONS

These are the Conditions applicable to CDs issued under the HK\$5,000,000,000 Certificate of Deposit Programme of INTESA SANPAOLO S.p.A. acting through its Hong Kong Branch.

1. **Payments**

- 1.1 Principal is repayable and interest is payable on each Global CD and Definitive CD (to or to the order of the holder):
- (i) for a CD held by the CMU Service, to the relevant CMU Accountholder(s);
 - (ii) for a CD held by the Bank or a Nominated Custodian, to the Relevant Accountholders; and
 - (iii) for a CD not held by the CMU Service, the Bank or a Nominated Custodian, to the holder of that CD on presentation or surrender of that CD to the Bank at the address specified in that CD (or, if one is specified in the Issue Terms, to the Paying Agent instead of the Bank at the address specified for it in the Issue Terms).
- 1.2 If a CD is held by the CMU Service payment of interest or principal by the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) to the CMU Accountholder(s) at the relevant time as notified to the Bank by a relevant Position Report or, if applicable, the Paying Agent will discharge the obligations of the Bank in respect of that payment. For these purposes, a notification from the CMU Service will be conclusive evidence of the records of the CMU Service unless there is manifest error.
- 1.3 If a Global CD or Definitive CD is not held by the CMU Service a record of an interest payment on the Schedule to that CD titled "Interest Payments" and signed by an authorised signatory of the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) will be conclusive evidence of the discharge of the obligations of the Bank in respect of the interest payment in question.
- 1.4 If a CD is held by the Bank or a Nominated Custodian, payment to a Relevant Accountholder in accordance with the terms and conditions governing the relationship between the Bank and that Relevant Accountholder will discharge the obligations of the Bank in respect of that payment.
- 1.5 All payments of principal and interest in respect of a CNY CD will be made solely by credit to a Renminbi bank account maintained in accordance with applicable laws and regulations at a bank in Hong Kong.

2. **Interest Payment Dates and Interest Periods**

- 2.1 If the Interest Rate Basis of this CD is expressed to be "Fixed Rate" or "Floating Rate", the relative Deposit bears interest from the Deposit Date and the interest will be payable on each Interest Payment Date, subject to Condition 2.2.
- 2.2 If any Interest Payment Date, including the Maturity Date or, if the Issue Terms specify that Maturity Extension is applicable and the Maturity Extension Option has been exercised, the Extended Maturity Date, would otherwise fall on a day which is not a Business Day it shall be adjusted in accordance with the Business Day Convention.

2.3 The period from and including the Deposit Date to but excluding the first Interest Payment Date and each subsequent period from and including an Interest Payment Date to but excluding the next Interest Payment Date are each referred to as an "**Interest Period**".

2.4 Interest or amortisation for any period of time (whether or not constituting an Interest Period, the "**Calculation Period**") will be calculated by reference to the applicable Day Count Fraction specified in the Issue Terms.

3. **Rates of Interest (For Fixed Rate CDs and Floating Rate CDs)**

3.1 For a Fixed Rate CD, interest will accrue at the Fixed Rate.

3.2 For a Floating Rate CD, the rate of interest per annum ("**Interest Rate**") payable on the Deposit in respect of each Interest Period will be calculated by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) as the aggregate of the Margin and the Floating Rate Benchmark, calculated in accordance with Condition 3.3 (if the Floating Rate Benchmark is HIBOR), 3.4 (if the Floating Rate Benchmark is LIBOR), 3.5 (if the Floating Rate Benchmark is SHIBOR), 3.6 (if the Floating Rate Benchmark is EURIBOR), 3.7 (if the Floating Rate Benchmark is SIBOR), or otherwise as may be Agreed.

3.3 If the Floating Rate Benchmark is HIBOR, "**HIBOR**" will be the rate determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) on the following basis:

(a) If, at or about 11:00 a.m. on the Interest Determination Date the Hong Kong interbank offered rate for Hong Kong dollar deposits for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines to be substantially the same) is quoted on page "**HKABHIBOR**" of the Reuters screen, (or such other page or service as may replace the appropriate page or service for the purpose of displaying Hong Kong inter-bank offered rates of leading banks for Hong Kong dollars), then HIBOR for the relevant Interest Period will, except as provided below, be that rate.

(b) If on any Interest Determination Date the average offered rate so appearing on page "HKABHIBOR" of the Reuters screen is replaced by the corresponding rates of more than one bank or financial institution "HIBOR" will be the arithmetic mean of the respective rates so appearing (rounded, if necessary, to five decimal places).

(c) If on any Interest Determination Date the rates described in Condition 3.3(a) or 3.3(b) do not appear, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will request each of the Reference Banks to provide the Bank or the Calculation Agent (as applicable) with its offered quotation to leading banks for Hong Kong dollar deposits in Hong Kong for a period equivalent or approximately equivalent to the relevant Interest Period in the amount equal or approximately equal to the Nominal Definitive Principal Amount as at or about 11:00 a.m. on the Interest Determination Date in question and HIBOR for the relevant Interest Period will, subject as provided below, be the arithmetic mean (rounded, if necessary, to five decimal places) of those offered quotations, as determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank).

- (d) If on any Interest Determination Date one or two only of the Reference Banks, when requested to do so, provide(s) the Bank or Calculation Agent (as applicable) with such offered quotations, HIBOR for the Interest Period concerned will, subject as provided below, be determined as in Condition 3.3(c) on the basis of the offered quotations of those Reference Banks providing those quotations.
 - (e) If on any Interest Determination Date none of the Reference Banks when requested to do so provides the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) with the offered quotations, HIBOR will, subject as provided below, be HIBOR in effect for the last preceding Interest Period to which Conditions 3.3(a) to 3.3(d) applied; provided that if at any time during the relevant Interest Period, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines that a rate can once again be determined in accordance with any of Conditions 3.3(a) to 3.3(d) above the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will determine the rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.
- 3.4 If the Floating Rate Benchmark is LIBOR, "**LIBOR**" will be the rate determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) on the following basis:
- (a) LIBOR for the relevant Interest Period will be the arithmetic mean (rounded, if necessary, to five decimal places) of the respective rates which are quoted at or about 11:00 a.m. (London time) on the Interest Determination Date on the "**LIBOR**" page of the Reuters screen (in the case of US dollars) or on page 3750 of the Reuters Screen (in the case of Japanese yen) (or in either case such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for US dollars or Japanese yen as applicable) as being the interest rate(s) offered in the London inter-bank market for US dollar deposits or Japanese yen deposits (as applicable) for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines to be substantially the same) but if no, or only one, such offered quotation appears, the relevant arithmetic mean (rounded as mentioned above) will be determined on the basis of the respective rates (as quoted to the Bank or, the Calculation Agent as applicable) at which each of the Reference Banks is offering US dollar or Japanese yen deposits (as applicable) for the relevant Interest Period in an amount equal or approximately equal to the Nominal Definitive Principal Amount to leading banks in the London inter-bank market at or about 11:00 a.m. (London time) on the Interest Determination Date.
 - (b) If no Reference Bank provides such a quotation LIBOR will be the rate of interest in effect for the last preceding Interest Period in which interest could be determined in any of the methods set out in Condition 3.4(a), until such date that the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines that a rate can once again be determined in accordance with any of the provisions in Condition 3.4(a), in which case the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will determine such a rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.

- 3.5 If the Floating Rate Benchmark is SHIBOR, "**SHIBOR**" will be the rate determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) on the following basis:
- (a) If, at or about 11:30 a.m. (Beijing time) on the Interest Determination Date, the "Shanghai Interbank Offered Rate" for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank (or, if one is specified in the Issue Terms, the Calculation Agent) instead of the Bank) determines to be substantially the same) is published on <http://www.shibor.org>, then SHIBOR for the relevant Interest Period will, except as provided below, be that rate.
 - (b) If on any Interest Determination Date the rates described in Condition 3.5(a) are not published on <http://www.shibor.org>, the relevant "Shanghai Interbank Offered Rate" in respect of the business day immediately preceding that Interest Determination Date shall be applied in place thereof, or if no such rate is published on such date, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will request each of the Reference Banks to provide the Bank or the Calculation Agent (as applicable) with its offered quotation to leading banks for CNY dollar deposits in Hong Kong/the PRC for a period equivalent or approximately equivalent to the relevant Interest Period in the amount equal or approximately equal to the Nominal Definitive Principal Amount as at or about 11:30 a.m. on the Interest Determination Date in question and SHIBOR for the relevant Interest Period will, subject as provided below, be the arithmetic mean (rounded, if necessary, to five decimal places) of those offered quotations, as determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank).
 - (c) If on any Interest Determination Date one or two only of the Reference Banks, when requested to do so, provide(s) the Bank or Calculation Agent (as applicable) with such offered quotations, SHIBOR for the Interest Period concerned will, subject as provided below, be determined as in Condition 3.5(b) on the basis of the offered quotations of those Reference Banks providing those quotations.
 - (d) If on any Interest Determination Date none of the Reference Banks when requested to do so provides the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) with the offered quotations, SHIBOR will, subject as provided below, be SHIBOR in effect for the last preceding Interest Period to which Conditions 3.5(a) to 3.5(c) applied; provided that if at any time during the relevant Interest Period, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines that a rate can once again be determined in accordance with any of Conditions 3.5(a) to 3.5(c) above the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will determine the rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.
- 3.6 If the Floating Rate Benchmark is EURIBOR, "**EURIBOR**" will be the rate determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) on the following basis:

- (a) If, at or about 11:00 a.m. (Brussels time) on the Interest Determination Date the Euro-zone interbank offered rate for Euro deposits for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines to be substantially the same) is quoted on page "**EURIBOR01**" of the Reuters screen, (or such other page or service as may replace the appropriate page or service for the purpose of displaying Euro-zone inter-bank offered rates of leading banks for Euros), then EURIBOR for the relevant Interest Period will, except as provided below, be that rate.
 - (b) If on any Interest Determination Date the average offered rate so appearing on page "EURIBOR01" of the Reuters screen is replaced by the corresponding rates of more than one bank or financial institution "EURIBOR" will be the arithmetic mean of the respective rates so appearing (rounded, if necessary, to five decimal places).
 - (c) If on any Interest Determination Date the rates described in Condition 3.6(a) or 3.6(b) do not appear, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will request each of the Reference Banks to provide the Bank or the Calculation Agent (as applicable) with its offered quotation to leading banks for Euro deposits in the Euro-zone for a period equivalent or approximately equivalent to the relevant Interest Period in the amount equal or approximately equal to the Nominal Definitive Principal Amount as at or about 11:00 a.m. on the Interest Determination Date in question and EURIBOR for the relevant Interest Period will, subject as provided below, be the arithmetic mean (rounded, if necessary, to five decimal places) of those offered quotations, as determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank).
 - (d) If on any Interest Determination Date one or two only of the Reference Banks, when requested to do so, provide(s) the Bank or Calculation Agent (as applicable) with such offered quotations, EURIBOR for the Interest Period concerned will, subject as provided below, be determined as in Condition 3.6(c) on the basis of the offered quotations of those Reference Banks providing those quotations.
 - (e) If on any Interest Determination Date none of the Reference Banks when requested to do so provides the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) with the offered quotations, EURIBOR will, subject as provided below, be EURIBOR in effect for the last preceding Interest Period to which Conditions 3.6(a) to 3.6(d) applied; provided that if at any time during the relevant Interest Period, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines that a rate can once again be determined in accordance with any of Conditions 3.6(a) to 3.6(d) above the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will determine the rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date.
- 3.7 If the Floating Rate Benchmark is SIBOR, "**SIBOR**" will be the rate determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) on the following basis:

- (a) If, at or about 11:00 a.m. (Singapore time) on the Interest Determination Date the Singapore interbank offered rate for deposits in Singapore dollars for the same period as the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines to be substantially the same) is quoted on page "**ABSIRFIX01**" of the Reuters screen, (or such other page or service as may replace the appropriate page or service for the purpose of displaying Singapore inter-bank offered rates of leading banks for Singapore dollars), then SIBOR for the relevant Interest Period will, except as provided below, be that rate.
 - (b) If on any Interest Determination Date the average offered rate so appearing on page "ABSIRFIX01" of the Reuters screen is replaced by the corresponding rates of more than one bank or financial institution "SIBOR" will be the arithmetic mean of the respective rates so appearing (rounded, if necessary, to five decimal places).
 - (c) If on any Interest Determination Date the rates described in Condition 3.7(a) or 3.7(b) do not appear, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will request each of the Reference Banks to provide the Bank or the Calculation Agent (as applicable) with its offered quotation to leading banks for Hong Kong dollar deposits in Hong Kong for a period equivalent or approximately equivalent to the relevant Interest Period in the amount equal or approximately equal to the Nominal Definitive Principal Amount as at or about 11:00 a.m. on the Interest Determination Date in question and SIBOR for the relevant Interest Period will, subject as provided below, be the arithmetic mean (rounded, if necessary, to five decimal places) of those offered quotations, as determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank).
 - (d) If on any Interest Determination Date one or two only of the Reference Banks, when requested to do so, provide(s) the Bank or Calculation Agent (as applicable) with such offered quotations, SIBOR for the Interest Period concerned will, subject as provided below, be determined as in Condition 3.7(c) on the basis of the offered quotations of those Reference Banks providing those quotations.
- 3.8 If on any Interest Determination Date none of the Reference Banks when requested to do so provides the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) with the offered quotations, SIBOR will, subject as provided below, be SIBOR in effect for the last preceding Interest Period to which Conditions 3.7(a) to 3.7(d) applied; provided that if at any time during the relevant Interest Period, the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) determines that a rate can once again be determined in accordance with any of Conditions 3.7(a) to 3.7(d) above the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will determine the rate and references to an Interest Period will be construed as being references to the period from such date of determination until the next succeeding Interest Payment Date
- 3.9 The Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will, as soon as practicable after 11:00 a.m. (or 11:30 a.m. as applicable) on each Interest Determination Date calculate the amount of interest payable in respect of each CD for the relevant Interest Period (the "**Interest Amount**").

- 3.10 A certificate from the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) as to the amount on which and the rate at which interest accrues during any Interest Period and as to the amount of interest accrued in respect of any Interest Period or part of an Interest Period will be conclusive and binding on the holder of a CD and each Relevant Accountholder.
- 3.11 The Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank) will as soon as practicable after the receipt of a request (in accordance with the rules of the relevant Clearing System or the general terms and conditions governing the relationship between the Bank and that holder of a CD or that Relevant Accountholder) from a holder of a CD or Relevant Accountholder certify to that holder or Relevant Accountholder the Interest Rate in respect of any Interest Period and the Interest Amount payable in respect of that Interest Period.
- 3.12 If full repayment is improperly withheld or refused on any due date, interest will continue to accrue on the Deposits at a rate calculated by reference to the Margin and the Interest Rate determined by the Bank (or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank), on the basis of interest periods having approximately the same length as the Interest Periods.

4. **Taxes**

All payments of principal and interest (if any) under a CD will be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties or other governmental charges of whatsoever nature imposed or levied by or on behalf of Hong Kong, Italy or any authority in Hong Kong or Italy having power to tax unless the Bank is required by law to deduct or withhold any such taxes, duties or other governmental charges, in which event the Bank will pay in like manner and at the same time such additional amounts as will be necessary in order to ensure that the net amounts received by the holder of a CD or the Relevant Accountholder which has an interest in a CD (in each case a "**Payee**") after that deduction or withholding will equal the respective amounts of principal and interest which would have been receivable by that Payee if no such deduction or withholding had been required to be made except that no such additional amounts will be payable in respect of any payment to be made:

- (i) to the extent that a Payee is liable to those taxes, duties or governmental charges in respect of its interest in that CD by reason of its having some connection with Hong Kong or Italy other than the mere holding of, or of an interest in, that CD;
- (ii) where such withholding or deduction could be avoided by the Payee making a declaration of non-residence or other similar claim for exemption to the appropriate authority or by providing other reasonable information regarding the Payee's identity;
- (iii) more than 30 days after the Relevant Date except to the extent that the Bank would have been required to pay such additional amounts on the last day of the period of 30 days; or
- (iv) where such withholding or deduction is required pursuant to Italian Presidential Decree No.600 of 29 September 1973 as amended.

5. Tax Call

- 5.1 (a) The Bank may at its option redeem all Deposits comprising a Series at any time in whole, but not in part, on giving not less than 30 and not more than 45 days' irrevocable notice to all holders and Relevant Accountholders in respect of that Series (provided that the notice must expire on an Interest Payment Date if this is a Fixed Rate CD or a Floating Rate CD), at its principal amount, if the Bank has or will become obliged to pay additional amounts under Condition 4 as a result of any change in, or in the official interpretation or administration of, any laws or regulations of Hong Kong, Italy or any other authority thereof or therein.
- (b) If the Bank would, on the next due date for payment of any amount in respect of the Deposits, be prevented by Hong Kong or Italian law from making such additional payments as provided in Condition 4, then the Bank shall redeem all, but not some only, of the Deposits then outstanding upon giving not less than 15 nor more than 45 days' prior notice to all holders and Relevant Accountholders, provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Bank could make payment of the full amount of interest payable in respect of the Deposits or, if such date is already past, as soon as practicable thereafter.
- 5.2 After issuing a notice under Condition 5.1, the Bank will be obliged to repay all the Deposits in the Series:
- (i) for each Fixed Rate CD and Floating Rate CD in a Series, together with any unpaid interest accrued on the CD in accordance with these Conditions; or
- (ii) for each Discounted CD in a Series, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of:
- (a) the years remaining from the date fixed for redemption to the Maturity Date (for a CD with an original tenor of more than 364 days); or
- (b) the actual number of days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction (for a CD with an original tenor of 364 days or less),

on the date provided in the relevant notice on surrender of this CD, if this CD is not held by the CMU Service, or by transfer of the interest in this CD to the Bank, or, if one is specified in the Issue Terms, the Paying Agent, if this CD is held by the CMU Service.

Notice will be deemed to have been given to a holder and a Relevant Accountholder when published in accordance with the Condition 10 titled "Notices" below.

6. Put Option

- 6.1 If the Issue Terms specify that a Put Option is applicable for a CD, the Bank will redeem the CD on any Put Option Exercise Date specified in the Issue Terms on the following basis:

- (a) If the CD is held by the CMU Service, a CMU Accountholder wishing to exercise the Put Option must:
 - (i) deliver to the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) a duly completed Redemption Notice on any Business Day during the relevant Put Option Exercise Window; and
 - (ii) transfer the relevant part of its interest in the CD to the Bank's or, if applicable, the Paying Agent's account with the CMU Service as specified in the form of Redemption Notice provided by the Bank or, if applicable, the Paying Agent.
- (b) If the Put Option is being exercised for a Global CD which is held by or on behalf of a Clearing System other than the CMU Service:
 - (i) the Relevant Accountholders must (in accordance with the rules of that Clearing System) instruct the Clearing System through which they hold their interests in the Global CD and, on receiving those instructions, the holder of the Global CD must deliver to the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) one or more Redemption Notices on any Business Day during the relevant Put Option Exercise Window, specifying in each case the aggregate Nominal Definitive Principal Amount(s) for which the Put Option is being exercised; and
 - (ii) the holder of the Global CD must present the Global CD to the Bank or, if applicable, the Paying Agent at the same time as delivering a Redemption Notice so that the Global CD may be annotated on the Put Option Exercise Date to record that the relevant interests have been repaid.
- (c) If the Put Option is being exercised for a Global CD which is held by the Bank or a Nominated Custodian:
 - (i) a Relevant Accountholder must (in accordance with the terms and conditions governing the relationship between the Bank and that Relevant Accountholder) deliver to the Bank a Redemption Notice on any Business Day during the Put Option Exercise Window, specifying the aggregate Nominal Definitive Principal Amount(s) for which the Put Option is being exercised; and
 - (ii) the Bank is entitled to prohibit any transfers by a Relevant Accountholder of an interest in a Global CD for which a Redemption Notice has been received until the relevant Put Option Exercise Date.
- (d) If the Put Option is being exercised in respect of a Definitive CD which is not held by or on behalf of a Clearing System:
 - (i) the holder of the CD must deliver to the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) a duly completed Redemption Notice on any Business Day during the relevant Put Option Exercise Window; and
 - (ii) the holder of the CD must deposit that Definitive CD with the Bank (or, if applicable, the Paying Agent) at the same time as delivering the Redemption Notice.

- 6.2 To the extent that the procedures in paragraphs 6.1(a), (b), (c) or (d) are followed, the Bank will repay each relevant Deposit on the relevant Put Option Exercise Date in accordance with the directions given to the Bank or, if applicable, the Paying Agent in the relevant Redemption Notice and the relevant CD(s), or interest in the relevant CD(s), will be surrendered.
- 6.3 Any Redemption Notice received by the Bank or, if applicable, the Paying Agent will be irrevocable and will bind both the Bank and each relevant holder and Relevant Accountholder.
- 6.4 Any CD so deposited may not be withdrawn and any transfer so made may not be reversed without the prior consent of the Bank.
- 6.5 On the relevant Put Option Exercise Date, the CD (or interest in a CD) for which the Redemption Notice has been received will become immediately due and payable:
- (i) for a Fixed Rate CD and a Floating Rate CD, at its principal amount together with accrued interest; or
 - (ii) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of the actual number of:
 - (a) the years remaining from the Put Option Exercise Date to the Maturity Date (for a CD with an original tenor of more than 364 days); or
 - (b) the actual number of days remaining from the Put Option Exercise Date to the Maturity Date and in accordance with the relevant Day Count Fraction (for a CD with an original tenor of 364 days or less).

7. **Call Option**

- 7.1 If the Issue Terms specify that a Call Option is applicable for a CD, the Bank may at its option repay all the Deposits comprising a Series in whole but not in part on any Call Option Exercise Date specified in the Issue Terms on giving prior written notice on any day during the Call Option Exercise Window to each holder and Relevant Accountholder of its intention to exercise the option, which notice will be irrevocable and will be binding on both the Bank and each holder and Relevant Accountholder.
- 7.2 After issuing a notice under Condition 7.1, the Bank will be obliged to repay all the Deposits comprising a Series on the relevant Call Option Exercise Date on surrender of the relevant CDs, in respect of the CDs not held by the CMU Service, or by transfer of the interest in the relevant CD(s) to the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) in respect of CDs held by the CMU Service.
- 7.3 Notice will be deemed to have been given to each holder and Relevant Accountholder when published in accordance with Condition 10 titled "Notices" below.
- 7.4 On the relevant Call Option Exercise Date, the Deposits in the Series will become immediately due and payable:
- (i) for Fixed Rate CDs and Floating Rate CDs, at their principal amount together with accrued interest; or

- (ii) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of:
 - (a) the years remaining from the Call Option Exercise Date to the Maturity Date (for a CD with an original tenor of more than 364 days); or
 - (b) the actual number of days remaining from the Call Option Exercise Date to the Maturity Date and in accordance with the relevant Day Count Fraction (for a CD with an original tenor of 364 days or less).

8. **Maturity Extension**

- 8.1 If the Issue Terms specify that Maturity Extension is applicable for a CD, the Bank may at its option extend the Maturity Date of the CD by giving notice of such extension on any day during the Maturity Extension Notice Window to each holder and Relevant Accountholder, which notice will be irrevocable and binding on the Bank, each holder and Relevant Accountholder.
- 8.2 After issuing a notice under Condition 8.1, the Maturity Date of the CD shall be extended from the Maturity Date to the Extended Maturity Date.
- 8.3 Notice will be deemed to have been given to each holder and Relevant Accountholder when published in accordance with the Condition 10 titled "Notices" below.
- 8.4 Maturity Extension shall not apply to a Discounted CD unless terms are specified in respect of the Discounted CD for calculating the yield of that CD in the event that the Maturity Extension Option has been exercised in the section titled "Special Features" in the Issue Terms applicable to that CD.

9. **Default**

Subject to Condition 13, if any of the following occurs:

- (i) **Non-Payment:** the Bank fails to pay any principal or interest on this CD when due and that failure continues for a period of 7 days; or
- (ii) **Insolvency:** the Bank:
 - (a) is (or is, or could be, deemed by law or a court to be) insolvent or Bankrupt or unable to pay its debts;
 - (b) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts;
 - (c) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or of a particular type of) its debts (or of any material part which it will otherwise be unable to pay when due), or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of those debts; or
 - (d) a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Bank; or

- (iii) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Bank, or the Bank ceases or threatens to cease to carry on all or a material part of its business or operations except for the purpose of and followed by a solvent reconstruction, amalgamation, reorganisation, merger or consolidation,

then a holder can declare, by notice in writing given to the Bank (or, if one is specified in the Issue Terms, the Paying Agent instead of the Bank) at its specified office, that a Definitive CD or any interest in a Definitive CD represented by a Global CD is immediately due and payable and at that time it will become immediately due and payable:

- (A) for a Fixed Rate CD and a Floating Rate CD, at its principal amount together with accrued interest; or
- (B) for a Discounted CD, subject to a deduction from the Global Principal Amount (for a Global CD) or Nominal Definitive Principal Amount (for each Definitive CD) to represent the unamortised amount of the Deposit calculated by reference to the Discounted Bid Rate and on the basis of:
 - (1) the years remaining from the date fixed for redemption to the Maturity Date (for a CD with an original tenor of more than 364 days); or
 - (2) the actual number of days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction (for a CD with an original tenor of 364 days or less),

without further formality unless that repayment event is remedied before the Bank or, if one is specified in the Issue Terms, the Paying Agent receives the notice.

10. Notices

10.1 Subject to Conditions 10.2, 10.3 and 10.4 below, notices may be published in the South China Morning Post or any other leading daily newspaper published in the English language in Hong Kong:

- (i) specifying any appointment or change of Paying Agent or Calculation Agent;
- (ii) giving notice under Conditions 5 titled "**Tax Call**", 7 titled "**Call Option**" and 8 titled "**Maturity Extension**" above; or
- (iii) giving notice in respect of any other matters for which a notice is to be given under the Conditions.

Any notice will be deemed duly given on the date it is published or, if published more than once, the first date of that publication.

10.2 If a CD is held by the CMU Service, notices may be made to CMU Accountholders in accordance with the CMU Rules.

10.3 If a CD is held on behalf of Euroclear or Clearstream, Luxembourg, notices may be given by being delivered to Euroclear or Clearstream, Luxembourg, as the case may be, or otherwise to the holder of the CD.

10.4 If the Bank or a Nominated Custodian holds an interest in a CD on behalf of a person, notice may be given to that person in accordance with any arrangements that apply between the Bank and that person (which, for a customer of the Bank, may include any arrangements for giving notice in accordance with terms and conditions applying to that customer).

11. **Further Issues**

The Bank may from time to time without the consent of any holder or Relevant Accountholder take deposits evidenced by further CDs having the same terms and conditions as this CD in all respects (or in all respects save for the first payment of interest) and so that such further issue will be consolidated and form a single series with the outstanding CDs of this Series. References in a CD to any such deposits or Series include (unless the context requires otherwise) any other deposits evidenced by other certificates of deposit issued under this Condition and forming a single series with that CD.

12. **Purchases**

The Bank may at any time purchase CDs in the open market or otherwise and at any price. Any CDs purchased by the Bank may be resold by it in the open market or cancelled or otherwise.

13. **Italian bail-In tool**

13.1 Notwithstanding any other term of the CDs or any other agreements, arrangements, or understandings between the Bank and any holder, by its acquisition of the CDs, each holder (which, for the purposes of this provision, includes each holder of a beneficial interest in the CDs) acknowledges, accepts, consents and agrees to be bound by:

- (i) the effect of the exercise of any Italian bail-in tool (as defined below) by the relevant resolution authority, that may include and result in any of the following, or some combination thereof:
 - (a) the reduction of all, or a portion, of the Amounts Due;
 - (b) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Bank or another person (and the issue to or conferral on the holder of the CDs of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the CDs;
 - (c) the cancellation of the CDs; or
 - (d) the amendment or alteration of the maturity of the CDs or amendment of the amount of interest payable on the CDs, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the CDs, if necessary, to give effect to the exercise of any Italian bail-in tool by the relevant resolution authority.

13.2 No repayment or payment of Amounts Due will become due and payable or be paid after the exercise of any Italian bail-in tool by the relevant resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

- 13.3 Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Bank or another person, as a result of the exercise of any Italian bail-in tool by the relevant resolution authority with respect to the Bank, nor the exercise of any Italian bail-in tool by the relevant resolution authority with respect to the CDs will be a default or otherwise constitute non-performance of a contractual obligation, or entitle the holder of the CDs to any remedies (including equitable remedies), which are hereby expressly waived.
- 13.4 Upon the exercise of any Italian bail-in tool by the relevant resolution authority with respect to the CDs, the Bank will use commercially reasonable efforts to provide a written notice to the holders of the CDs in accordance with Condition 10 titled "Notices" as soon as practicable regarding such exercise of the Italian bail-in tool. The Bank will also deliver a copy of such notice to the Paying Agent for information purposes although the Paying Agent shall not be required to send such notice to any holder of the CDs.
- 13.5 Upon the exercise of any Italian bail-in tool by the relevant resolution authority:
- (i) the Paying Agent shall not be required to take any directions from any holders of the CDs; and
 - (ii) the relevant Agency Appointment Agreement shall impose no duties upon the Paying Agent whatsoever,
- in each case with respect to the exercise of any Italian bail-in tool by the relevant resolution authority.
- 13.6 If the relevant resolution authority exercises the Italian bail-in tool with respect to less than the total Amounts Due, unless the Paying Agent is otherwise instructed by the Bank or the relevant resolution authority, any cancellation, write off or conversion made in respect of the CDs pursuant to the Italian bail-in tool will be made on a pro-rata basis.
- 13.7 By its acquisition of the CDs, each holder (including, for the purposes of this provision, each holder of a beneficial interest in the CDs):
- (i) acknowledges, accepts, consents and agrees to be bound by the exercise of any Italian bail-in tool as it may be exercised without any prior notice by the relevant resolution authority of its decision to exercise such power with respect to such CDs; and
 - (ii) shall be deemed to have authorised, directed and requested the relevant Clearing System to take any and all necessary action, if required, to implement the exercise of any Italian bail-in tool with respect to such CDs as it may be exercised, without any further action or direction on the part of such holder or the Paying Agent.

14. Waiver of set-off

Each holder of a CD (including each holder of a beneficial interest in the CDs) unconditionally and irrevocably waives any rights of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have in respect of that CD under the laws of any jurisdiction in respect of such CD.

15. Definitions

In a CD:

"Alternate Currency" means any freely transferable and available currencies other than Hong Kong dollars, US dollars, Renminbi, Euros, Singapore dollars or Japanese yen that may be specified in the Issue Terms for a CD.

"Alternate Currency CDs" means CDs denominated or to be denominated in an Alternate Currency.

"Amounts Due" are the principal amount of or outstanding amount, together with any accrued but unpaid interest, due on the CDs.

"Business Day" means a day (other than a Saturday, a Sunday or a public holiday):

- (i) on which commercial banks and foreign exchange markets are open for business in Hong Kong;
- (i) for a US\$ CD, on which commercial banks are open for business in London and New York City;
- (ii) for a EUR CD, a Target Day;
- (iii) for a SGD CD, on which commercial banks are open for business in Singapore;
- (iv) for a JPY CD, on which commercial banks are open for business in London and Tokyo;
- (v) for an Alternate Currency CD, in the principal financial centre on which dealings in the Alternate Currency are carried out and on which, if the Alternate Currency CD is a Floating Rate CD, the relevant Floating Rate Benchmark can be determined;
- (vi) if the CD is held by a Clearing System, on which that Clearing System is operating; and
- (vii) for a CNY CD, a CNY Business Day.

"Business Day Convention" means:

- (i) if **"Floating Rate"** is specified in the Issue Terms, the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event:
 - (a) such date shall be brought forward to the immediately preceding Business Day; and
 - (b) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) if **"Following"** is specified in the Issue Terms, the relevant date shall be postponed to the next day that is a Business Day;
- (iii) if **"Modified Following"** is specified in the Issue Terms, the relevant date shall be postponed to the next day that is a Business Day unless it would then fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(iv) if "**Preceding**" is specified in the Issue Terms, the relevant date shall be brought forward to the immediately preceding Business Day,

provided that, for CNY CDs, the Business Day Convention shall be "Modified Following" unless otherwise specified in the Issue Terms.

"**CD**" means any Global CD, Definitive CD or Temporary Global CD.

"**Clearing System(s)**" means any of Clearstream, Luxembourg, the CMU Service, Euroclear and any additional or alternative clearing system as may be Agreed.

"**Clearstream, Luxembourg**" means Clearstream Banking, S.A.

"**CMU Accountholder**" means, for any CD held by the CMU Service, any person or persons for whose account(s) interests in that CD are credited in accordance with the CMU Rules.

"**CMU Rules**" means the agreements, rules and regulations from time to time governing the operation of the CMU Service.

"**CMU Service**" means the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority.

"**CNY**" and "**Renminbi**" means the lawful currency of the PRC.

"**CNY Business Day**" means:

- (i) a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Hong Kong, and if applicable, the Calculation Agent;
- (ii) a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks in Hong Kong and the Additional Principal Financial Centre specified in the Issue Terms are open for business;
- (iii) if the CNY CD is lodged with the CMU Service, a day (other than a Saturday, a Sunday or a public holiday) on which the CMU Service is operating; and
- (iv) if the CD is held by a Clearing System, on which that Clearing System is operating.

"**CNY CD**" means a CD denominated in CNY.

"**Day Count Fraction**" is the method for calculating interest or unamortised amounts payable by the Bank in certain circumstances for any period of time and will be calculated by reference to:

- (i) if "**Actual/365**" is specified in the Issue Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the Issue Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/360**" is specified in the Issue Terms, the actual number of days in the Calculation Period divided by 360;

- (iv) if "**30/360**" is specified in the Issue Terms, the number of days in the Calculation Period divided by 360, i.e. the number of days to be calculated on the basis of a year of 360 days with 12 30-day months unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day will not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February will not be considered to be lengthened to a 30-day month; and
- (v) if "**30E/360**" is specified in the Issue Terms, the number of days in the Calculation Period divided by 360, i.e. the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date or, if the Issue Terms specify that Maturity Extension is applicable and the Maturity Extension Option has been exercised, the Extended Maturity Date, the Maturity Date or the Extended Maturity Date is the last day of the month of February, in which case the month of February will not be considered to be lengthened to a 30-day month,

provided that, for a CNY CD, the Day Count Fraction shall be either "Actual/365 (Fixed) " or "Actual/360", unless otherwise specified in the Issue Terms.

"Deed of Covenant" means the deed of covenant dated 27 March 2018 and executed by the Bank in relation to Relevant Accountholders.

"Definitive CDs" means any definitive certificate of deposit issued or required to be issued under the terms of a Global CD, substantially in the form attached to that Global CD, subject to any necessary changes.

"Deposit" means a deposit made with the Bank and in respect of which a CD is issued, in an amount which is:

- (i) for a CD specified to be Fixed Rate or Floating Rate, the Initial Global Principal Amount of a Global CD or the Nominal Definitive Principal Amount of a Definitive CD; and
- (ii) for a CD specified to be Discounted, a principal amount which, together with interest accrued thereon, will amount on the Maturity Date to the Global Principal Amount of any relevant Global CD or Nominal Definitive Principal Amount of a Definitive CD and to which a discount would be applied in respect of any repayment before the Maturity Date in accordance with the Conditions to reflect the unamortised amount of that interest at the relevant time.

"Direct Rights" has the meaning given to it in the Deed of Covenant.

"Discounted CD" means a CD for which the Interest Rate Basis is "Discounted".

"Entry" means any entry relating to any Global CD (or to the relevant part of it) or the Definitive CDs represented by it which is or has been made in an account of any account holder with a Clearing System, the Bank or a Nominated Custodian and **"Entries"** shall have a corresponding meaning.

Euro", **EUR**" and **€**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

EURIBOR" means the rate determined by the Bank or, if applicable, a Calculation Agent in each case on a reasonable basis at or about 11:00 a.m. (Brussels time) on the Interest Determination Date to be the Euro-zone interbank offered rate for deposits in Euros for the appropriate period which appears on page EURIBOR01 of the Thomson Reuters screen or any equivalent successor to such page as determined by the Bank or, if applicable, a Calculation Agent as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be Agreed.

EUR CD" means a CD denominated in Euros.

Euroclear" means Euroclear Bank SA/NV.

Euro-zone" means the region comprised of member states of the European Union that adopt the Euro in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

Exchange Date" has the meaning given to it in the Condition in a Global CD titled "Exchange for Definitive CDs".

Fixed Rate CD" means a CD for which the Interest Rate Basis is "Fixed Rate".

Floating Rate CD" means a CD for which the Interest Rate Basis is "Floating Rate".

Global CD" means a Temporary Global CD and/or a Permanent Global CD as the context may require.

Global Principal Amount" means the Initial Global Principal Amount as reduced by reason of purchase and cancellation, exchanges for Definitive CDs, the creation of Direct Rights or early redemptions in accordance with the terms and conditions of a Global CD.

HIBOR" means the rate determined by the Bank or, if applicable, a Calculation Agent in each case on a reasonable basis at or about 11:00 a.m. on the Interest Determination Date to be the Hong Kong interbank offered rate for deposits in Hong Kong dollars for the appropriate period which appears on page HKABHIBOR of the Thomson Reuters screen or any equivalent successor to such page as determined by the Bank or, if applicable, a Calculation Agent as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be Agreed.

Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

HK\$", **HKD**" and **Hong Kong dollars**" means the lawful currency of Hong Kong.

HK\$ CD" means a CD denominated in Hong Kong dollars.

Interest Determination Date" means, unless otherwise specified in the Issue Terms:

- (i) if the Agreed Currency is HK\$ or SGD the first day of an Interest Period;

- (ii) if the Agreed Currency is US\$, € or JPY, the second London Business Day before the first day of an Interest Period;
- (iii) if the Agreed Currency is CNY, the CNY Business Day before the first day of an Interest Period; and
- (iv) if the Agreed Currency is an Alternate Currency, the date specified in the Issue Terms or, if none is specified, the day determined by the Bank or, if one is specified in the Issue Terms, the Calculation Agent instead of the Bank, on which Interest Rate quotations are obtained, for the purposes of Condition 3.2, in respect of that Alternate Currency CD.

"Issuing Agent", "Paying Agent" or "Calculation Agent" means any person specified as any of these in the Issue Terms of any relevant CD.

"Italian bail-in tool" is the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including the Deposits and/or CDs) to equity, which equity could also be subject to any future application of the general bail-in tool, existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**"), as amended from time to time, including but not limited to the Legislative Decrees No. 180/2015 and 181/2015, as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which (i) any obligation of a Regulated Entity (or other affiliate of such Regulated Entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such Regulated Entity or any other person (or suspended for a temporary period); and (ii) any right in a contract governing an obligation of a Regulated Entity may be deemed to have been exercised.

"Japanese yen" and **"JPY"** means the lawful currency of Japan.

"JPY CD" means a CD denominated in Japanese yen.

"LIBOR" means:

- (i) in relation to United States dollars, the rate determined by the Bank or, if applicable, the Calculation Agent in each case on a reasonable basis at or about 11:00 a.m. (London time) on the Interest Determination Date to be the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for deposits in United States dollars for the appropriate period which appears on the LIBOR page of the Thomson Reuters screen or any equivalent successor to such page as determined by the Bank or, if applicable, a Calculation Agent as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be Agreed; and
- (ii) in relation to Japanese yen, the rate determined by the Bank or, if applicable, the Calculation Agent in each case on a reasonable basis at or about 11:00 a.m. (London time) on the Interest Determination Date to be the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for deposits in Japanese yen for the appropriate

period which appears on page 3750 of the Thomson Reuters screen or any equivalent successor to such page as determined by the Bank or, if applicable, a Calculation Agent as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be Agreed.

"London Business Day" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

"Maturity Extension Option" means the option to extend the Maturity Date of a CD to a later date set out in the Issue Terms that may be exercised by the Bank in accordance with Condition 8 titled "Maturity Extension".

"Nominated Custodian" means any person appointed by the Bank to act as custodian of a Temporary Global CD or Global CD which is not held by or on behalf of a Clearing System.

"Permanent Global CD" means a permanent global certificate of deposit issued by the Bank, which is specified as a "Permanent Global CD".

"Position Report" means an Instrument Position Report issued by the CMU Service or such other notification issued from time to time by the CMU Service, in accordance with the CMU Rules, to confirm the interests of CMU Accountholders in a CD.

"PRC" means the People's Republic of China which, for the purpose of this Agreement, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"Redemption Notice" means a notice based on the form set out in the Deed of Covenant.

"Reference Banks" means, unless otherwise specified in the Issue Terms, the principal offices of three major banks active in the relevant interbank market for the relevant Agreed Currency in:

- (i) Hong Kong (if the Agreed Currency is HK\$ or CNY);
- (ii) London (if the Agreed Currency is US\$ or JPY);
- (iii) the Euro-zone (if the Agreed Currency is Euros);
- (iv) Singapore (if the Agreed Currency is SGD); or
- (v) the principal financial centre of any Agreed Currency which is an Alternate Currency, as selected by the Bank or, if one is specified in the Issue Terms, the Calculation Agent.

"Regulated Entity" includes credit institutions (and banks), investment firms and certain banking group companies (including relevant parent undertakings, subsidiaries and/or certain affiliates of credit institutions, banks and investment firms) incorporated in the Republic of Italy.

"Relevant Accountholder" means, in respect of a Global CD at any Relevant Time:

- (i) each CMU Accountholder credited with an interest in that Global CD or the Definitive CDs represented by it at the Relevant Time in accordance with the CMU Rules, except for a CMU Accountholder which is credited with that interest in its capacity as a Clearing System;

- (ii) each holder of one or more accounts with a Clearing System (other than the CMU Service) credited with an Entry or Entries in that Global CD or the Definitive CDs represented by it except for any Clearing System which holds that account in its capacity as an accountholder of another Clearing System; or
- (iii) where a Global CD is held by the Bank or a Nominated Custodian and has not been lodged with a Clearing System, each person who has been recorded by the Bank or the Nominated Custodian as being credited with an Entry or Entries in that Global CD or the Definitive CDs represented by that Global CD except for any Clearing System which is credited with that interest in its capacity as a Clearing System.

"Relevant Date" means whichever is the later of:

- (i) the date on which payment first becomes due under a CD and is available for payment; and
- (ii) where a Paying Agent is specified in the Issue Terms, if the full amount payable has not been received in Hong Kong by the Paying Agent on or before the due date, the date on which, the full amount has been so received and notice to that effect has been given to the payee.

"Relevant Time" means the time when Direct Rights take effect as contemplated by the Condition in a Global CD titled "Exchange for Direct Rights" and by the Deed of Covenant.

"Series" means each series of CDs which are all issued on the same terms and conditions (except, in some circumstances, only for the first payment of interest) and which are all expressed to form part of the same Series.

"Singapore dollars" and **"SGD"** means the lawful currency of Singapore.

"SGD CD" means a CD denominated in Singapore dollars.

"SHIBOR" means the rate determined by the Bank or, if applicable, a Calculation Agent in each case on a reasonable basis at or about 11:30 a.m. (Beijing time) on the Interest Determination Date to be Shanghai Interbank Offered Rate as published on <http://www.shibor.org>, by China Foreign Exchange Trade System & National Interbank Funding Centre under the authorisation of the People's Bank of China, or such other alternative appropriate page or service for the purpose of displaying PRC inter-bank offered rates of leading banks for Renminbi as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be Agreed.

"SIBOR" means the rate determined by the Bank or, if applicable, a Calculation Agent in each case on a reasonable basis at or about 11:00 a.m. (Singapore time) on the Interest Determination Date to be the Singapore interbank offered rate for deposits in Singapore dollars for the appropriate period which appears on page **"ABSIRFIX01"** of the Thomson Reuters screen or any equivalent successor to such page as determined by the Bank or, if applicable, a Calculation Agent as set out in the form of the relevant Issue Terms or Floating Rate CD or on such other basis as may be Agreed.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"Target Day" means any day on which TARGET2 is open for the settlement of payments in Euros.

"Temporary Global CD" means a temporary global certificate of deposit which is specified as a Temporary Global CD and which is exchangeable in accordance with its terms for interests in a Global CD or for Definitive CDs or Direct Rights.

"US\$" and "US dollars" means the lawful currency of the United States.

"US\$ CD" means a CD denominated in US dollars.

References to a **time of the day** are, except where the context requires otherwise, to Hong Kong time.

**SUMMARY OF PROVISIONS RELATING TO CDS
WHILE IN GLOBAL FORM**

Each Global CD contains provisions which apply to CDs while they are in global form. The following is a summary of some of those provisions:

Exchange of Temporary Global CD for Permanent Global CD

On and after any Certification Date (as specified in the relevant Issue Terms) relating to a Series, the Paying Agent will (to the extent possible) arrange for the CMU Service or a custodian for Euroclear and Clearstream, Luxembourg to present the relevant Temporary Global CD and the Permanent Global CD to it or to its order, and will (to the extent possible) procure the exchange of interests in that Temporary Global CD for interests of an equal principal amount in that Permanent Global CD in accordance with the terms set out on that Temporary Global CD. On exchange in full of the Temporary Global CD, the Paying Agent will cancel it. The Paying Agent will arrange the exchange and cancellation in its capacity as lodging agent for the Bank in the case of CDs lodged with the CMU Service. The Bank will assist the Paying Agent to perform the exchange and cancellation referred to above to the fullest extent possible and the Bank acknowledges that the ability of the Paying Agent to do so is dependent on the CMU Service and the CMU Rules and the rules of Euroclear and Clearstream, Luxembourg, as the case may be.

Exchange for Definitive CDs

Each Permanent Global CD can be exchanged in whole but not in part (free of charge to the holder) for Definitive CDs:

- a) if that Permanent Global CD is held by a Clearing System, when that Clearing System:
 - (i) has been closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or
 - (ii) announces an intention to permanently cease business or does in fact do so;
- b) if that Permanent Global CD is held by the Bank or a Nominated Custodian when:
 - (i) the holder of the Permanent Global CD has been closed for a continuous period of 7 days (other than by reason of holidays, statutory or otherwise);
 - (ii) the holder of the Permanent Global CD announces an intention to permanently cease business or does in fact do so; or
 - (iii) the Bank is, or declares that it is, unable to maintain records of the entries for the Relevant Accountholders;
- c) if the Bank does not pay in the manner provided in the Conditions any sum payable under that Permanent Global CD when due and the payment is not made within 7 days after the due date (excluding public holidays); or
- d) if:
 - (i) the Bank would suffer a material disadvantage in respect of that Permanent Global CD as a result of a change in the laws or regulations (taxation or

otherwise) of Hong Kong or Italy which would not be suffered if that Permanent Global CD was exchanged for Definitive CDs; and

- (ii) the Bank issues to the holder of that Permanent Global CD a certificate, signed by an authorised signatory of the Bank, confirming that material disadvantage.

In the case of (a) or (c) above, the holder of a Permanent Global CD may give notice to the Bank (or, if one is specified in the Issue Terms, the Paying Agent) of its intention to exchange that Permanent Global CD for Definitive CDs on or after the Exchange Date (as defined below) specified in the notice. In the case of (d) above, the Bank may give notice to the Paying Agent (if one is specified in the Issue Terms) or the holder of that Permanent Global CD. In the case of (b) above, any Relevant Accountholder may require the Bank to deliver Definitive CDs representing that Relevant Accountholder's interest in that Permanent Global CD within 30 days of the date of a request.

"Exchange Date" means a day falling not less than 30 days or, in the case of exchange following non-payment, 14 days after the date on which the notice requiring exchange is given and on which banks in Hong Kong and, except in the case of an exchange under (a) above, the relevant Clearing Systems are open for business.

On or after any Exchange Date, the holder of that Permanent Global CD may surrender that Permanent Global CD to or to the order of the Bank (or, if one is specified in the Issue Terms, the Paying Agent).

In exchange for a Permanent Global CD (or an interest in a Permanent Global CD), the Bank will deliver, or procure the delivery of, an equal aggregate nominal principal amount of duly executed Definitive CDs which are security printed and substantially in the form set out in the Schedule titled "Form of Definitive CD" to that Permanent Global CD.

On exchange in full of a Permanent Global CD, the Bank will, if the holder so requests, procure that the Permanent Global CD is cancelled and returned to the holder together with the relevant Definitive CDs. In these circumstances, the Bank will bear the cost of preparing those Definitive CDs and any costs associated with the withdrawal of a Permanent Global CD from the relevant Clearing System(s).

Exchange for Direct Rights

A Relevant Accountholder may from time to time elect for Direct Rights to come into effect under the provisions of the Schedule titled "Direct Enforcement Rights" to a Permanent Global CD and the Deed of Covenant if:

- a) the Bank does not pay in the manner provided in the Conditions any sum payable under a Permanent Global CD when due and the payment is not made within 30 days after the due date and no Definitive CDs have been requested to be produced; or
- b) Definitive CDs have been requested to be produced in accordance with the paragraph titled "Exchange for Definitive CDs", they have not been produced in a manner and by the time required by that paragraph.

SELLING RESTRICTIONS

1. **Distribution**

By its purchase and acceptance of CDs issued under the Programme Agreement to which these Selling Restrictions are scheduled, each Dealer (which term shall, in the case of a Syndicated Issue and in this Schedule, include Syndicate Dealers) represents, warrants and agrees that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver CDs; and has agreed not to directly or indirectly offer, sell, re-sell, re-offer or deliver CDs or distribute any offering material or any circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with all applicable laws and regulations.

2. **Hong Kong**

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any CDs other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the CDs, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to CDs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

3. **People's Republic of China**

Each Dealer has represented, warranted and agreed that the CDs are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan) (except if permitted to do so under the securities law of the PRC).

4. **European Economic Area**

Unless the Issue Terms in respect of a Series specify the "Prohibition of Sales to EEA retail investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise made available any CDs in that Series to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(I) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(I) of MiFID II.

If the Issue Terms in respect of a Series specify the "Prohibition of Sales to EEA retail investors" as "Not Applicable", in relation to each member state of the European Economic Area which has implemented Directive 2003/71/EC (as amended (including by Directive 2010/73/EU), the "**Prospectus Directive**") (each, a "**Relevant Member State**"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of CDs in that Series to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of CDs to the public in that Relevant Member State:

- (i) **qualified investors**: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) **fewer than 150 offerees**: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Bank for any such offer; or
- (iii) **other exempt offers**: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of CDs referred to in (i) to (iii) above shall require the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of CDs to the public**" in relation to any CDs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the CDs to be offered so as to enable an investor to decide to purchase or subscribe the CDs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

5. United Kingdom

Each Dealer has represented and agreed as follows:

- 5.1 in relation to any CDs which have a tenor of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any CDs other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their

businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the CDs would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Bank;

- 5.2 it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any CDs in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and
- 5.3 it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any CDs in, from or otherwise involving the United Kingdom.

6. **United States**

- 6.1 The CDs have not been and will not be registered under the Securities Act, and the CDs may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold and that it will offer and sell, CDs of any Series (a) as part of its distribution at any time and (b) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such CDs are a part, as determined and certified to the Paying Agent by such Dealer (or in the case of a sale of an identifiable tranche of CDs to or through more than one Dealer, by each of such Dealers with respect to the CDs of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify each such Dealer when all such Dealers have so certified), only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the CDs, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed that at or prior to confirmation of sale of CDs, it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases CDs from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of CDs of which such CDs are a part, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act."*

Terms used in this paragraph 6.1 have the meanings given to them by Regulation S.

Each Dealer has represented and agreed that it has not entered and that it will not enter into any contractual arrangement with any distributor (as such term is defined in Regulation S) with respect to the distribution or delivery of the CDs, except with its affiliates or with the prior written consent of the Bank.

In addition, in respect of CDs where TEFRA D is specified in the applicable Issue Terms:

- (a) except to the extent permitted under rules substantially in the form of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") each Dealer has represented and agreed that (i) it will not offer or sell the CDs to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver within the United States or its possessions any CDs that are sold during the restricted period;
- (a) each Dealer has represented and agreed that throughout the restricted period it will have in effect, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling CDs are aware that such CDs may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (b) if it is a United States person, each Dealer has represented and agreed that it is acquiring the CDs for purposes of resale in connection with their original issue and if it retains the CDs for its own account, it will only do so in accordance with the requirements of rules substantially in the form of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);
- (c) with respect to each affiliate that acquires from it any CDs for the purpose of offering or selling such CDs during the restricted period, each Dealer has either: (i) confirmed the representations contained in paragraphs (a) to (c) above on its behalf; or (ii) agreed that it will obtain from such affiliate for the benefit of the Bank the representations and agreements contained in paragraphs (a) to (c) above; and
- (d) each Dealer has represented and agreed that it will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any CDs, except where pursuant to the contract the Dealer has obtained or will obtain from that party, for the benefit of the Bank and the several Dealers, the representations contained in, and that party's agreement to comply with, the provisions of paragraphs (a) to (d) above.

Terms used in this paragraphs (a) to (e) above have the meaning given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

- 6.2 In respect of CDs where TEFRA C is specified in the applicable Issue Terms, under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), CDs in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance and each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, CDs in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of CDs in bearer form, the Dealer has represented and agreed that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of CD in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules.
- 6.3 Each Dealer has represented and agreed that all of its activities and services under the Programme Agreement will be performed outside the United States.

Each Dealer has represented and agreed that it will cause any agreement or instrument evidencing a participation in any CD purchased from it to contain the legend and the restrictions on the place of payment appearing in each CD.

7. **Singapore**

7.1 This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under, and the CDs will be offered pursuant to, the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Each Dealer has represented, warranted and agreed that the CDs have not been and may not be offered or sold or made the subject of an invitation for subscription or purchase and that this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription to purchase any CDs has not been and will not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

7.2 Each Dealer has represented and agreed that where the CDs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the CDs pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

8. **Japan**

The CDs have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented, warranted and agreed that it has not offered or sold and will not offer or sell any CDs, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan ("**resident**" of Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign

Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

9. **Republic of Italy**

The offering of the CDs has not been registered pursuant to Italian securities legislation and, accordingly, each of the Dealers has represented and agreed that it will not offer, sell or deliver the CDs or distribute copies of this Information Memorandum or of any other document relating to the CDs in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined, pursuant to Article 100 of the Financial Services Act and Article 34-ter, first paragraph, letter (b) of Regulation No. 11971; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

In addition, each of the Dealers has represented and agreed that any offer, sale or delivery of the CDs or distribution of copies of this Information Memorandum or any other document relating to the CDs in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and the Banking Act; and
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

10. **General Selling Restriction**

Each Dealer has represented and agreed that it will not offer or sell any of the CDs or any participations in CDs in any other country other than those listed in paragraphs 2 to 9 above or jurisdiction except in circumstances that will to the best of its knowledge and belief result in compliance with all applicable laws and regulations.

11. **Amendments to Selling Restrictions**

If as the result of a change in or the making of any law, treaty or official directive or request (whether or not having the force of law, but if not having the force of law compliance with which is in accordance with the practice of responsible financial institutions in the country concerned) the Bank determines that the foregoing selling restrictions require amendment or variation to ensure compliance with such law, treaty or official directive or request, the Bank may promulgate new selling restrictions to each Dealer which shall take effect as if set out in Schedule 12

(Selling Restrictions) to the Programme Agreement from the date specified in such notice in accordance with the terms of the Programme Agreement.

TAXATION

Withholding tax

Under present Hong Kong law, no withholding tax will be deductible from interest paid on the deposits represented by the CDs.

Tax on Sale

Where a holder of an interest in a CD (whether an individual or a corporation) carrying on a trade, profession or business in Hong Kong disposes of its interest in the CD and makes a profit or loss, that profit or loss, in the case of a corporation, will be taken into account for profits tax purposes and, in the case of an individual, will be taken into account for profits tax purposes where those profits or losses relate to the funds of that trade, profession or business.

Tax on Yield

Any interest on a CD received or accrued by a financial institution (as defined in Section 2 of the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong)) which arises through or from the carrying on by the financial institution of its business in Hong Kong will be subject to profits tax.

Any interest received or accrued to a corporate holder or an individual holder carrying on a trade, profession or business in Hong Kong, where that interest is in respect of the funds of that trade, profession or business, will not be subject to profits tax (so long as that holder is not a financial institution and the CD is not used to secure borrowings from the Bank).

Stamp Duty

The CDs are not subject to Hong Kong stamp duty or bearer instrument duty either on issue or on any subsequent transfer.

Holders or intending holders (including holders who have an establishment or premise in the PRC) who are in doubt as to their own tax position are recommended to consult their advisers regarding the possible tax consequences under the laws of the jurisdictions that apply to them.

CONTACT INFORMATION

THE BANK:

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acting through its Hong Kong Branch

Address: Unit 8102-05 & 8106A, Level 81, International Commerce Centre, No. 1 Austin Road
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Fax: (852) 2845 0209
Attention: Head of Treasury

THE ARRANGER:

The Hongkong and Shanghai Banking Corporation Limited

Address: Level 17, HSBC Main Building, 1 Queen's Road Central, Hong Kong
Fax: (852) 3409 2755
Attention: Transaction Manager

THE DEALERS:

Bank of China International Limited

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Attention: Mario Altenburger

BNP Paribas

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Attention: Mineng Jiang

Crédit Agricole Corporate and Investment Bank

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Fax: (852) 2826 1270
Attention: Benjamin Lamberg

DBS Bank Ltd

Address: 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982
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Attention: Treasury & Markets – Fixed Income Origination

The Hongkong and Shanghai Banking Corporation Limited

Address: Level 17, HSBC Main Building, 1 Queen's Road Central, Hong Kong
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Attention: Transaction Management

Mizuho Securities Asia Limited

Address: 14-15/F., K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong
Telephone: (852) 2685 2000
Fax: (852) 2685 2410
Attention: Debt Syndication

Nomura International plc

Address: 1 Angel Lane, London EC4R 3AB
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Fax: (44) 020 7102 5804
Attention: Fixed Income Syndicate

SinoPac Securities (Asia) Limited

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Tel: (852) 2586 8383
Fax: (852) 2586 8399
Attention: Victor Cheung

Standard Chartered Bank (Hong Kong) Limited

Address: 15/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Tel: (852) 3963 8657
Fax: (852) 3983 8660
Attention: MTN Desk / Capital Markets