

Final version

20 July 2011

BANCO SANTANDER, S.A., HONG KONG BRANCH

as ISSUER

EUR5,000,000,000 CERTIFICATE OF DEPOSIT PROGRAMME

INFORMATION MEMORANDUM

CITIBANK INTERNATIONAL PLC

as ARRANGER

**BARCLAYS BANK PLC
BNP PARIBAS, HONG KONG BRANCH
CITIBANK INTERNATIONAL PLC
CITICORP INTERNATIONAL LIMITED
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
NOMURA INTERNATIONAL (HONG KONG) LIMITED
STANDARD CHARTERED BANK (HONG KONG) LIMITED**

as DEALERS

IMPORTANT NOTICE

This Information Memorandum contains summary information in connection with a EUR5,000,000,000 multicurrency programme (the "**Programme**") for the issue of negotiable certificates of deposit (the "**CDs**") under which Banco Santander, S.A., Hong Kong Branch (the "**Issuer**") may issue and have outstanding at any time CDs up to a maximum aggregate amount of EUR5,000,000,000 or its equivalent in alternative currencies. The Issuer may 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 Issuer has authorised the Dealers to circulate this Information Memorandum in connection herewith.

This Information Memorandum must not be reproduced in any form, in whole or in part, for any purpose whatsoever and it must not be transmitted to any other person.

This Information Memorandum is not intended to provide the basis of any credit or other evaluation and in particular, does not constitute an offer of, or an invitation by or on behalf of the Issuer, Citibank International plc (the "**Arranger**") or the Dealers to any person to subscribe for or purchase any of the CDs or any interests in CDs issued by the Issuer.

No representation or warranty, express or implied, is made by the Arranger or the Dealers with respect to the completeness or accuracy of any information in this Information Memorandum relating to the Issuer and no responsibility is accepted by any of the Arranger or Dealers as to the adequacy, accuracy, completeness or reasonableness of the information contained in this Information Memorandum.

The CDs do not represent deposits or other liabilities of the Arranger or the Dealers or any of their affiliates. None of the Arranger, the Dealers or any of their affiliates guarantees any payments due under the CDs or guarantees in any way the performance of any obligations of any other party.

Each investor purchasing CDs, including the Dealers, should determine for itself the relevance of the information contained in this Information Memorandum and the necessity for additional credit review, and its interest in purchasing CDs should be based upon whatever independent credit investigations and evaluations of the Issuer he considers necessary.

If an investor buys a CD 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 Issuer 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.

The distribution of this Information Memorandum and the offering of the CDs in certain jurisdictions may be restricted by law. Persons who come into possession of this Information Memorandum are required to inform themselves of and to observe any such restrictions. No person to whom the CDs are offered or this Information Memorandum is sent shall make any offer or sale (directly or indirectly) of any CDs, or distribute or cause to be distributed any document or other material in connection with the CDs in any country or jurisdiction, except in such manner and in such circumstances as will comply with any applicable laws or regulations of such country or jurisdiction.

The CDs have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, neither the CDs nor any interests in them may be offered, sold or delivered within the United States or to, or for the account of, U.S. persons.

The information contained in this Information Memorandum has been provided by the Issuer. To the best of the knowledge and belief of the Issuer as at the date of this Information Memorandum, the facts contained or incorporated by reference in this Information Memorandum are true and correct in all material respects and there are no other material facts or omissions that would alter the information contained herein.

The CDs do not constitute "protected deposits" under the Deposit Protection Scheme in Hong Kong established under the Deposit Protection Scheme Ordinance (Cap. 581) of Hong Kong.

The Information Memorandum should be read and construed with any relevant amendment or supplement and the most recently published annual audited financial statements and any subsequently published interim financial statements (whether audited or unaudited) of Banco Santander S.A., which shall be deemed to be incorporated in, and form part of, this Information Memorandum and, in relation to any Series (as defined herein) of CDs, should be read and construed together with the relevant Issue Terms (if any).

No person has been authorised by the Issuer to give any information or to make any representation not contained in or inconsistent with this Information Memorandum. Any such information given or representation made by or attributed to the Issuer, whether in the public domain or otherwise, should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the delivery of this Information Memorandum, any Issue Terms (as defined herein), any agreement made on the basis hereof nor the offering, sale or delivery of any CD shall under any circumstances create any implication that the information contained in this Information Memorandum is true subsequent to the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented in that there has been no change in the financial situation or business affairs of the Issuer since the date hereof or if later, the date upon which the Information Memorandum has been the most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Information Memorandum by reference or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Information Memorandum may refer to information included in other locations, including but not limited to certain websites. That information does not form part of this Information Memorandum and the Issuer does not take any responsibility for such information.

In this Information Memorandum, references to "**U.S.**" and "**United States**" are to the United States of America, references to "**EUR**" and "**€**" are to the lawful currency of the member states of the European Union that adopt the single currency, references to "**U.S. dollars**" and "**US\$**" are to United States dollars, references to "**H.K. dollars**" and "**HK\$**" are to Hong Kong dollars, references to "**PRC**" and "**Chinese mainland**" are to the People's Republic of China and "**Renminbi**" and "**RMB**" are to Renminbi yuan.

DEPOSIT PROTECTION

Under the Companies Ordinance (Cap. 32) of Hong Kong, where a bank which is a company is wound up in Hong Kong, each depositor on the date that the winding up commences may rank as a priority creditor for a maximum of HK\$500,000, regardless of the number of deposits.

This Programme is not subject to the Deposit Protection Scheme established by the Hong Kong Deposit Protection Board pursuant to the Deposit Protection Scheme Ordinance (Cap. 581) of Hong Kong and each CD issued under the Programme is not a "protected deposit" and is not protected by the Deposit Protection Scheme.

DESCRIPTION OF BANCO SANTANDER, S.A.

Banco Santander, S.A. (the "**Bank**") was incorporated in Spain and has the form of a limited liability company (*Sociedad Anónima*). The principal operating headquarters of the Bank are located at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte, in the province of Madrid. Its registered office is at Paseo de Pereda 9-12, 39004 Santander, Spain.

The Bank was founded in the city of Santander by notarised document executed on 3 March 1856, ratified and partially amended by a further document dated 21 March 1857, and commenced trading on 20 August 1857. It was transformed to a Credit Company (*Sociedad Anónima de Crédito*) by a public deed executed on 14 January 1875 that was recorded with the Mercantile Registry of the Government of the Province of Santander. The Bank commenced trading at the time of its formation and according to Article 4 of the Articles of Association it will remain in existence for an indefinite period.

The Bank is the parent company of a group (the "**Group**") which was comprised at 31 December 2010 of 780 companies that consolidate by the global integration method. In addition, there are 139 companies that are accounted for by the equity method. At 31 December 2010, the Group had a market capitalization of €66.0 billion, shareholders' equity of €75.0 billion and total assets of €1,217.5 billion. The Group had an additional €144.8 billion in mutual funds, pension funds and other assets under management at that date.

The Group is a financial group operating principally in Spain, the United Kingdom, Portugal, other European countries, Brazil and other Latin American countries and the United States, offering a wide range of financial products. In Latin America, the Group has majority shareholdings in banks in Argentina, Brazil, Chile, Colombia, Mexico, Puerto Rico and Uruguay. As of 31 December 2010, the Group had 54,518 employees and 6,063 branch offices in Continental Europe, 23,649 employees and 1,416 branches in the United Kingdom, 89,526 employees and 5,882 branches in Latin America, 8,647 employees and 721 branches in the United States (Sovereign) and 2,529 employees in other geographic regions.

The Group's business areas are structured into two levels:

Principal level (or geographic).

The activity of the Group's operating units is segmented by geographical areas. This coincides with the Group's first level of management and reflects the Group's positioning in the world's main currency areas. The reported segments are:

- Continental Europe. This covers all retail banking business (including Banco Banif, S.A., the Group's specialised private bank), wholesale banking and asset management and insurance conducted in Europe, with the exception of the United Kingdom. This segment includes the following units: the Santander Branch Network, Banco Español de Crédito, S.A., Santander Consumer Finance (including Santander Consumer USA) and Portugal.
- United Kingdom. This includes retail and wholesale banking, asset management and insurance conducted by the various units and branches of the Group in the UK.

- Latin America. This embraces all the financial activities conducted via the Group's subsidiary banks and other subsidiaries in Latin America. It also includes the specialised units in Santander Private Banking, as an independent globally managed unit. Santander's business in New York is also managed in this area.
- Sovereign. This includes all the financial activities of Sovereign, including retail and wholesale banking, asset management and insurance. Sovereign's operations are wholly conducted in the United States.

Secondary level (or business).

This segments the activity of the Group's operating units by type of business. The reported segments are:

- Retail Banking. This covers all customer banking businesses (except those of Corporate Banking, which are managed globally throughout the world).
- Global Wholesale Banking. This business reflects the returns from Global Corporate Banking, Investment Banking and Markets worldwide, including all treasury activities under global management, as well as the Group's equities business.
- Asset Management and Insurance. This includes the Group's units that design and manage mutual and pension funds and insurance.

In addition to these operating units, which cover everything by geographic area and business, the Group continues to maintain a separate Corporate Activities area. This area incorporates the centralised activities relating to equity stakes in industrial and financial companies, financial management of the structural exchange rate position and of the Bank's structural interest rate risk, as well as management of liquidity and of shareholders' equity through issues and securitizations. As the Group's holding entity, the Bank manages all capital and reserves and allocations of capital and liquidity.

As a licensed bank under the Banking Ordinance (Cap.155) of Hong Kong, the Hong Kong Branch of the Bank is supervised by the Hong Kong Monetary Authority ("HKMA"). As with other licensed banks in Hong Kong, the Bank is obliged to meet the HKMA's liquidity requirements and observe other pertinent regulations.

Additional information and the Bank's most recent financial information may be found at <http://www.santander.com>.

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SUMMARY OF THE PROGRAMME

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

- Issuer:** Banco Santander, S.A., Hong Kong Branch
- Programme:** Under the programme agreement dated 20 July 2011 as the same may be amended from time to time (the "**Programme Agreement**"), the Issuer and any Dealer(s) and Agent(s) appointed under the Programme Agreement may agree the issue of negotiable, bearer certificates of deposit ("**CDs**").
- Arranger:** Citibank International plc
- Dealers:** Barclays Bank PLC
- BNP Paribas, Hong Kong Branch
- Citibank International plc
- Citicorp International Limited
- The Hongkong and Shanghai Banking Corporation Limited
- Nomura International (Hong Kong) Limited
- Standard Chartered Bank (Hong Kong) Limited
- The Issuer may from time to time terminate the appointment of any Dealer under the Programme by giving not less than 90 days' prior written notice or appoint additional dealers either in respect of one or more Series in respect of the whole Programme.
- Issuing, Paying and Calculation Agent:** Citicorp International Limited and Citibank N.A., London Branch have been initially appointed as the Issuing, Paying and Calculation Agent (the "**Agents**") in respect of the whole Programme.
- Alternatively, either (i) the Issuer will itself handle the issuing, paying and interest rate fixing functions or (ii) any other person may be appointed in any of these capacities under an Agency Appointment Agreement.
- Programme Limit:** On the date of this Information Memorandum, the total face amount of CDs that can be issued and remains outstanding at any time under the Programme Agreement should not exceed EUR5,000,000,000 (or its equivalent in alternative currencies, as determined by the Arranger and the Issuer). However, there are provisions in the Programme Agreement which permit the Issuer to increase this amount at any time on notice to any Dealer(s) and Agent(s).
- Currencies:** CDs may be denominated in:

- Hong Kong dollars ("**HK\$**");
- United States dollars ("**US\$**");
- Renminbi ("**RMB**"); or
- other alternative currencies agreed between the Issuer and any relevant Dealer(s) and Agent(s) (each an "**Alternative 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). The CDs of each Series will be interchangeable with all other CDs of that Series.

General Conditions and Issue Terms: Each CD will be subject to, and will benefit from, general terms and conditions (the "**Conditions**") in the form set out on page 15 (*Terms and Conditions*).

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 between the Issue Terms and the Conditions, the Issue Terms for a CD will prevail over the Conditions. The form of an uncompleted Issue Terms is set out on page 33 (*Form of Issue Terms*).

Fixed Rate CDs: Fixed Rate CDs may be issued which bear fixed rate interest, payable in arrear at the rate(s) and on the date(s) 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 of one or three months or as otherwise provided.

Discounted CDs: Discounted CDs may be issued at a discount which do not bear interest.

Form: Each CD will evidence the deposit of a stated sum in HK\$, US\$, RMB or an Alternative 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 be issued by the Issuer in global form and be represented by a global bearer CD (a "**Global CD**") pursuant to the Programme Agreement (as amended from time to time), representing notional interests in definitive CDs.

A Global CD will, in very limited circumstances, be exchangeable for security-printed 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" 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 Issuer may solicit offers for CD purchases from Dealers or it may respond to unsolicited offers made by Dealers. The Issuer may also issue CDs under the Programme Agreement directly to non-Dealers.

**Custody and
Clearing Systems:**

Global CDs may be:

- (i) retained in safe custody on behalf of the Accountholders (as defined in the Conditions) by the Issuer or its Nominated Custodian appointed from time to time;
- (ii) lodged with the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the "**CMU Service**"); or
- (iii) lodged with Clearstream Banking société anonyme ("**Clearstream**") or Euroclear Bank SA/NV ("**Euroclear**") and held by a common depositary for Euroclear and Clearstream.

CDs may be cleared through the CMU Service, Clearstream or Euroclear.

For each Series, the Issuer and the relevant Dealer(s) will agree the lodging 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 such maturities of not less than seven days and not more than 364 days from and including the date of issue, as may be agreed between the Issuer, the relevant Dealer(s) and Agent(s).

**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:

- (i) the floating rate under a notional interest rate swap transaction in the relevant currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the relevant Issue Date);
- (ii) HIBOR (in relation to HK\$), LIBOR (in relation to US\$), SHIBOR (in relation to RMB) determined by reference to

Reuters Monitor Money Rates Service; or

- (iii) otherwise agreed for a particular issue and set out in the relevant Issue Terms.

**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 or Spain or any authority in Hong Kong or Spain having power to tax unless the Issuer is required by law to deduct or withhold any such taxes, duties or other charges, in which event the Issuer 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 a CD Holder (as defined in the Conditions) after that deduction or withholding will equal the respective amounts of principal and interest which would have been receivable by that CD Holder 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 CD Holder (or any person for whom a CD Holder holds an interest in that CD (an "**Owner**")) 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 Spain other than the mere holding of, or of an interest in, that CD;
- (ii) where withholding or deduction could be avoided by the CD Holder or the Owner making a declaration of non-residence or other similar claim for exemption to the appropriate authority or by providing other reasonable information regarding the CD Holder 's or the Owner's identity;
- (iii) more than 30 days after the Relevant Date (as defined in the Conditions) except to the extent that the Issuer 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 imposed on a payment to an individual and is required to be made pursuant to any European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Tax Call:

If the Issuer is or will be obliged to make any additional payment as provided above in respect of any CDs then, subject to certain notice requirements, it may redeem those CDs on the next Interest Payment Date.

Stamp Duty: Under present Hong Kong law, no stamp duty is payable on the issue or upon any subsequent transfer or delivery of the CDs.

Status of the CDs: The Deposits to be evidenced by the CDs constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify by law as subordinated debts under article 92 of Law 22/2003 (*Ley Concursal*) dated 9 July 2003 (the "**Insolvency Law**") or equivalent legal provision which replaces it in the future), will rank equally and rateably without preference or priority among themselves and the payment obligations of the Issuer under the CDs rank at least equally with all other unsecured and unsubordinated obligations of the Issuer except for obligations preferred by law on a liquidation or insolvency of the Issuer.

Under Hong Kong law, priority will also be given to depositors with an authorised institution in Hong Kong in respect of deposits in aggregate of up to HK\$500,000 under Section 265 of the Companies Ordinance (Cap.32) and other statutory priority given to certain depositors.

Minimum size per series:

- HK\$35,000,000 for a Series of HK\$ CD;
- US\$5,000,000 for a Series of US\$ CD;
- RMB35,000,000 for a Series of RMB CD;
- Equivalent of HK\$35,000,000 for a Series of Alternative Currency CDs,

or such other amount as may be agreed.

Denominations of Definitive CDs:

- HK\$5,000,000 (or any whole multiple of that amount) for a HK\$ CD;
- US\$500,000 (or any whole multiple of that amount) for a US\$ CD;
- RMB5,000,000 (or any whole multiple of that amount) for a RMB CD,

or (subject to any applicable laws and regulations and requirements of the relevant clearing system) other agreed denominations for particular issues or for an Alternative Currency CD.

Rating: The CDs will not be specifically rated by any rating agency.

Payments: On each relevant Interest Payment Date and the Maturity Date, the Issuer or, if applicable, the Paying Agent will pay interest (in respect of the interest bearing CDs) and, if applicable, principal to each CD Holder.

The Issuer shall be completely discharged from its payment obligations by payment on the due date of the amount of interest or principal due on

any CD to:

- (a) if the CD is held by the CMU Service, the CMU Accountholder whose account is noted as being credited with an interest in that CD, as notified to the Paying Agent by the CMU Service;
- (b) if the CD is held by a Clearing System (other than the CMU Service), the holder of one or more accounts with either such clearing system whose account is noted as being credited with the relevant CD;
- (c) if the CD is held by the Issuer or a Nominated Custodian, the person who, in accordance with the Issuer's or the Nominated Custodian's records, is credited with an interest in that CD; or
- (d) if the CD is not held by a Clearing System, the Issuer or a Nominated Custodian, the bearer who has presented or surrendered, as the case may be, that CD to the office of the Paying Agent in Hong Kong.

Payments will be made by cheque or banker's draft or otherwise in accordance with the customary practice of the relevant Clearing System.

**RMB Disruption
Event:**

If a Series of CDs is denominated in RMB and if, in the opinion of the Calculation Agent, on any date after the Issue Date:

- (i) it is, in respect of any Interest Payment Date or any Maturity Date, illegal or impossible for the Issuer or any of its affiliates or the Issuer or any of its affiliates is unable, after using commercially reasonable efforts, to deliver RMB (i) between accounts inside Hong Kong or (ii) from an account outside or inside Hong Kong to an account outside or inside Hong Kong, other than where such inability, illegality or impossibility or is due solely to the failure of that party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for such party, due to an event beyond the control of such party, to comply with such law, rule or regulation);
- (ii) it is, in respect of any Interest Payment Date or any Maturity Date, illegal or impossible for the Issuer or any of its affiliates or the Issuer or any of its affiliates is unable, after using commercially reasonable efforts, to convert RMB from/to a freely convertible currency at the general RMB exchange market in Hong Kong or through any other customary legal channels due to any reason (including, without limitation, illiquidity in the general RMB exchange market in Hong Kong or a change in law or rule or regulation), other than where such inability, illegality or impossibility is due solely to the failure of that party to comply with any law, rule or regulation enacted by any Governmental

Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for such party, due to an event beyond the control of such party, to comply with such law, rule or regulation);

- (iii) in respect of any Interest Determination Date or the Maturity Date, the RMB is no longer used by the government of the PRC for the payment of public and private debts or used for settlement of transactions by public institutions in the PRC or, in the reasonable opinion of the Calculation Agent, is not expected to be available, when any payment on this CD is due, as a result of circumstances beyond the control of the Issuer; or
- (iv) it is, in respect of any Interest Determination Date or the Maturity Date, impossible for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which RMB can be converted from/to a freely convertible currency,

(each of the above events, a "**RMB Disruption**"), the Issuer may

- (a) settle any amount due under the CD (in whole or in part) on a payment due date (which may be an Interest Payment Date or, as the case may be, the Maturity Date) by making such payment in USD on the basis of the Spot Rate on the second Rate Calculation Business Day prior to such payment due date or, if such rate is not available on such second Rate Calculation Business Day, on the basis of the rate most recently available prior to such second Rate Calculation Business Day. Any payment made under such circumstances in USD, will constitute valid payment, and will not constitute a default in respect of this CD; and
- (b) acting in good faith and in a commercially reasonable manner, make any other adjustments or arrangements it considers necessary, desirable or appropriate.

For this purpose:

"Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York.

"Spot Rate" means the spot exchange rate for the purchase of USD with RMB in the over-the-counter RMB exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the date of determination in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent may determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the RMB

non-deliverable exchange market in Hong Kong or elsewhere and the exchange rate for the purchase of USD with RMB in the PRC domestic foreign exchange market.

"Governmental Authority" means any government or any public, regulatory or governmental agency or authority, court, tribunal or other administrative authority at the national, provincial, municipal or local level, or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong

Default: In respect of the interest bearing CDs only, a Series of CDs may be declared immediately due and payable by a holder of a Definitive CD or an Accountholder of a Global CD if the Issuer fails to pay interest on that CD when due and that failure continues for a period of seven Business Days.

Put Options: A Series of CDs may be issued on the basis that a holder can require redemption on one or more dates ("**Put Option Exercise Dates**") before the stated Maturity Date. The availability of this option and the Put Option Exercise Date(s) will be determined and set out in the CDs for each Series and the applicable Issue Terms.

Call Options: A Series of CDs may be issued on the basis that the Issuer can redeem the whole Series on one or more dates ("**Call Option Exercise Dates**") before the stated Maturity Date. The availability of this option and the Call Option Exercise Date(s) will be determined and set out in the CDs for each Series and the applicable Issue Terms.

Deed of Covenant: The Issuer has entered into the Deed of Covenant dated on or about the date of the Programme Agreement for the benefit of the Relevant Accountholders (as defined in the Deed of Covenant). Copies of the Deed of Covenant are available for inspection by the Relevant Accountholders during normal business hours at the office of the Issuer.

Governing Law: Hong Kong law

TERMS AND CONDITIONS

These are the Conditions applicable to CDs issued under the EUR5,000,000,000 Certificate of Deposit Programme for Banco Santander, S.A., 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 relevant CD Holder.
- 1.2 If a CD is held by the CMU Service, payment of interest or principal by the Paying Agent to the CMU Accountholder at the relevant time as notified to the Paying Agent by a relevant Position Report will discharge the obligations of the Issuer 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 CD is held by a Clearing System (other than the CMU Service), payment to the person who has been recorded by that Clearing System as being credited with an Entry or Entries in that CD will discharge the obligations of the Issuer in respect of that payment.
- 1.4 If a CD is held by the Issuer or a Nominated Custodian, payment to the person who has been recorded by the Issuer or the Nominated Custodian as being credited with an Entry or Entries in that CD in accordance with the terms and conditions governing the relationship between the Issuer and that person will discharge the obligations of the Issuer in respect of that payment.
- 1.5 Payment of interest or principal by the Paying Agent to the bearer of a Definitive CD who has presented or surrendered, as the case may be, that Definitive CD to the office of the Paying Agent will discharge the obligations of the Issuer in respect of that payment.
- 1.6 All payments of principal and interest in respect of a RMB 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 this CD is expressed to be Fixed Rate or Floating Rate, the Deposit bears interest from the Deposit Date and (subject to Condition 2.2) the interest will be payable on each Interest Payment Date.
- 2.2 If any Interest Payment Date, including the 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 specified in the Issue Terms.
- 2.3 "**Interest Period**" means each period from (and including) one Period End Date to (but excluding) the following applicable Period End Date, except that the initial Interest Period will commence on (and include) the Deposit Date and the final Interest Period will end on (but exclude) the Maturity Date.

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 (the "**Interest Rate**") payable on the Deposit in respect of each Interest Period will be calculated by the Calculation Agent as:

3.2.1 if the Floating Rate Determination is Screen Rate Determination, the aggregate of the Margin and the Floating Rate Benchmark, calculated in accordance with Condition 3.3, 3.4 or 3.5, in effect on the Interest Determination Date for a period equivalent to that Interest Period; and

3.2.2 if the Floating Rate Determination is ISDA Rate Determination, the aggregate of the Margin and the ISDA Rate, calculated in accordance with Condition 3.6,

in effect on the Interest Determination Date for a period equivalent to that Interest Period.

3.3 If the Floating Rate Determination is Screen Rate Determination and the Floating Rate Benchmark is HIBOR, "**HIBOR**" will be the rate determined by the Calculation Agent on the following basis:

3.3.1 If, at or about 11:00 a.m. (Hong Kong time) on the Interest Determination Date, an averaged offered rate for Hong Kong dollar deposits for the period comparable to the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Calculation Agent determines to be substantially the same) is quoted on the fixing line of the page "HKABHIBOR" of the Reuters Money 3000 Service, if the Floating Rate Benchmark is "HIBOR/Reuters" (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.

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

3.3.3 If, on any Interest Determination Date, the rates described in Condition 3.3.1 or 3.3.2 do not appear, the Calculation Agent will request each of the Reference Banks to provide the Calculation Agent 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. (Hong Kong time) 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 Calculation Agent.

- 3.3.4 If, on any Interest Determination Date, one or two only of the Reference Banks, when requested to do so, provide(s) the Calculation Agent with such offered quotation, then HIBOR for the Interest Period concerned will, subject as provided below, be determined as in Condition 3.3.3 on the basis of the offered quotations of those Reference Banks providing those quotation.
- 3.3.5 If, on any Interest Determination Date, none of the Reference Banks when requested to do so provides the Calculation Agent with the offered quotations, then HIBOR will, subject as provided below, be HIBOR in effect for the last preceding Interest Period to which Conditions 3.3.1 to 3.3.4 applied; **provided that** if at any time during the relevant Interest Period, the Calculation Agent determines that a rate can once again be determined in accordance with any of Conditions 3.3.1 to 3.3.4 above the Calculation Agent 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 Determination is Screen Rate Determination and the Floating Rate Benchmark is LIBOR, "**LIBOR**" will be the rate determined by the Calculation Agent on the following basis:
- 3.4.1 LIBOR for the relevant Interest Period will be the the offered rate for US dollar deposits which are quoted at or about 11:00 a.m. (London time) on the Interest Determination Date on the "**LIBOR01**" page on the Reuters Money 3000 Service (or 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) as being the interest rate(s) offered in the London inter-bank market for US dollar deposits for the period comparable to the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Calculation Agent determines to be substantially the same) but if such rate does not appear on the relevant page, then the relevant rate will be determined on the basis of the respective rates (as quoted to the Calculation Agent) at which each of the Reference Banks is offering US dollar deposits 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 a.m. (London time) on the Interest Determination Date and LIBOR 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 Calculation Agent.
- 3.4.2 If, on any Interest Determination Date, one or two only of the Reference Banks, when requested to do so, provide(s) the Calculation Agent with such offered quotations, then LIBOR for the Interest Period concerned will, subject as provided below, be determined on the preceding paragraph on the basis of the offered quotations of those Reference Banks providing those quotations.

- 3.4.3 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 Conditions 3.4.1 and 3.4.2, until such date that the Calculation Agent determines that a rate can once again be determined in accordance with any of the provisions in Conditions 3.4.1 and 3.4.2, in which case the Calculation Agent 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 Determination is Screen Rate Determination and the Floating Rate Benchmark is SHIBOR, "**SHIBOR**" will be the rate determined by the Calculation Agent on the following basis:
- 3.5.1 If, at or around 11:30 a.m. (Beijing time) on the Interest Determination Date, the Shanghai Interbank Offered Rate for the critical term comparable to the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Calculation Agent determines to be substantially the same) is quoted on the fixing line of the page "SHIBOR" of the Reuters Money 3000 Service, then the relevant SHIBOR will, except as provided below, be that rate.
- 3.5.2 If, on any Interest Determination Date, the rates described in Condition 3.5.1 do not appear, the relevant SHIBOR will, except as provided below, be the Shanghai Interbank Offered Rate as published on <http://www.shibor.org> by the China Foreign Exchange Trade System & National Interbank Funding Centre under the authorisation of the People's Bank of China for the critical term comparable to the relevant Interest Period (or, if the periods are not the same, such period, if any, as the Calculation Agent determines to be substantially the same).
- 3.5.3 If for any reason the relevant SHIBOR is not published on <http://www.shibor.org> in respect of a certain Interest Determination Date, the relevant SHIBOR in respect of the Business Day immediately preceding that Interest Determination Date shall be applied in place thereof.
- 3.5.4 If on any Interest Determination Date for any reason such offered rate described in Condition 3.5.1, 3.5.2 or 3.5.3 is not published or is unavailable, then the rate to be applied in place shall be the offered rate that the Calculation Agent obtains from quotations provided by four leading dealers in the relevant inter-bank market (selected in good faith by the Calculation Agent) for such rate at, or as soon as practicable following, such time. If four such quotations are received by the close of business on such day, the applicable offered rate shall be the arithmetic mean of the quotations received (ignoring the highest and lowest quotations). If two or three such quotations are received by such time, the applicable offered rate shall be, subject as provided below, the arithmetic mean of such quotations.
- 3.5.5 If, on any Interest Determination Date, only one or none of the Reference Banks when requested to do so provides the Calculation Agent with the offered

quotations, then SHIBOR will be the SHIBOR in effect for the last preceding Interest Period to which Conditions 3.5.1 to 3.5.4 applied.

- 3.6 Where the Floating Rate Determination is ISDA Determination, ISDA Rate will be the rate equal to the Floating Rate under an interest rate swap transaction if the Calculation Agent were acting as "Calculation Agent" (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and as amended and updated as at the relevant Issue Date and under which:
- 3.6.1 the Floating Rate Option is specified in the Issue Terms;
 - 3.6.2 the Designated Maturity is a period specified in the Issue Terms;
 - 3.6.3 the relevant Reset Date is, (I) if the applicable Floating Rate Option is based on HIBOR, the first day of that Interest Period, or (II) if the applicable Floating Rate Option is based on LIBOR, the first day of that Interest Period, or (III) in any other case, as specified in the Issue Terms.

For the purpose of this Condition 3.6, Floating Rate, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

- 3.7 The Calculation Agent will, as soon as practicable after 11:00 a.m. on each Interest Determination Date calculate the amount of interest payable in respect of each CD for the relevant Interest Period (the "**Interest Amount**").
- 3.8 A statement from the Calculation Agent 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 Accountholder.
- 3.9 The Calculation Agent will, as soon as practicable after the receipt of a request (in accordance with the rules of the relevant Clearing System or the terms and conditions governing the relationship between the Issuer and that holder of a CD or that Accountholder) from a holder of a CD or Accountholder, certify to that holder or Accountholder the Interest Rate in respect of any Interest Period and the Interest Amount payable in respect of that Interest Period.
- 3.10 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 Calculation Agent, on the basis of interest periods having approximately the same length as the Interest Periods.

4. **RMB DISRUPTION**

If a Series of CDs is denominated in RMB and if, in the opinion of the Calculation Agent, on any date after the Issue Date:

- (i) it is, in respect of any Interest Payment Date or any Maturity Date, illegal or impossible for the Issuer or any of its affiliates or the Issuer or any of its affiliates

is unable, after using commercially reasonable efforts, to deliver RMB (i) between accounts inside Hong Kong or (ii) from an account outside or inside Hong Kong to an account outside or inside Hong Kong, other than where such inability, illegality or impossibility is due solely to the failure of that party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for such party, due to an event beyond the control of such party, to comply with such law, rule or regulation);

- (ii) it is, in respect of any Interest Payment Date or any Maturity Date, illegal or impossible for the Issuer or any of its affiliates or the Issuer or any of its affiliates is unable, after using commercially reasonable efforts, to convert RMB from/to a freely convertible currency at the general RMB exchange market in Hong Kong or through any other customary legal channels due to any reason (including, without limitation, illiquidity in the general RMB exchange market in Hong Kong or a change in law or rule or regulation), other than where such inability, illegality or impossibility is due solely to the failure of that party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for such party, due to an event beyond the control of such party, to comply with such law, rule or regulation);
- (iii) in respect of any Interest Determination Date or the Maturity Date, the RMB is no longer used by the government of the PRC for the payment of public and private debts or used for settlement of transactions by public institutions in the PRC or, in the reasonable opinion of the Calculation Agent, is not expected to be available, when any payment on this CD is due, as a result of circumstances beyond the control of the Issuer; or
- (iv) it is, in respect of any Interest Determination Date or the Maturity Date, impossible for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which RMB can be converted from/to a freely convertible currency,

(each of the above events, a "**RMB Disruption**"), the Issuer may

- (a) settle any amount due under the CD (in whole or in part) on a payment due date (which may be an Interest Payment Date or, as the case may be, the Maturity Date) by making such payment in USD on the basis of the Spot Rate on the second Rate Calculation Business Day prior to such payment due date or, if such rate is not available on such second Rate Calculation Business Day, on the basis of the rate most recently available prior to such second Rate Calculation Business Day. Any payment made under such circumstances in USD, will constitute valid payment, and will not constitute a default in respect of this CD; and
- (b) acting in good faith and in a commercially reasonable manner, make any other adjustments or arrangements it considers necessary, desirable or appropriate.

For this purpose:

"Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York.

"Spot Rate" means the spot exchange rate for the purchase of USD with RMB in the over-the-counter RMB exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the date of determination in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent may determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the RMB non-deliverable exchange market in Hong Kong or elsewhere and the exchange rate for the purchase of USD with RMB in the PRC domestic foreign exchange market.

"Governmental Authority" means any government or any public, regulatory or governmental agency or authority, court, tribunal or other administrative authority at the national, provincial, municipal or local level, or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

5. 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 or Spain or any political subdivision or any authority in Hong Kong or Spain having power to tax unless the Issuer is required by law to deduct or withhold any such taxes, duties or other charges, in which event the Issuer 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 a CD Holder after that deduction or withholding will equal the respective amounts of principal and interest which would have been receivable by that CD Holder 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 CD Holder (or any person for whom a CD Holder holds an interest in that CD (an "**Owner**")) 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 Spain other than the mere holding of, or of an interest in, that CD;
- (ii) where withholding or deduction could be avoided by the CD Holder or the Owner making a declaration of non-residence or other similar claim for exemption to the appropriate authority or by providing other reasonable information regarding the CD Holder's or the Owner's identity;
- (iii) more than 30 days after the Relevant Date except to the extent that the Issuer 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 imposed on a payment to an individual and is required to be made pursuant to any European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In these Conditions, "Relevant Date" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Owner on or prior to such due date, the date on which the full amount is so received by the Owner.

6. TAX CALL

6.1 The Issuer may at its option redeem all Deposits comprising a Series at any time in whole, but not in part on giving not less than 14 days' irrevocable notice to all CD Holders and the Paying Agent (**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:

- (i) the Issuer has or will become obliged to pay additional amounts under the Condition titled "Taxes" as a result of any change in, or amendment to, the laws or regulations of Hong Kong or Spain or any authority in Hong Kong or Spain having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Deposit Date; and
- (ii) that obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no notice of redemption will be given earlier than 14 days before the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the CDs then due.

6.2 After issuing a notice under Condition 6.1, the Issuer will be obliged to repay all the Deposits in the Series

6.2.1 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

6.2.2 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 a 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 days remaining from the date fixed for redemption to the Maturity Date and in accordance with the relevant Day Count Fraction,

on the date provided in the relevant notice on surrender of that CD (if that CD is not held by the CMU Service, or by transfer of the interest in that CD to the Paying Agent (if that CD is held by the CMU Service)).

Notice will be deemed to have been given to a CD Holder when published in accordance with the Condition titled "Notices" below.

7. **PUT OPTION**

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

7.1.1 If the CD is held by the CMU Service, a CD Holder wishing to exercise the Put Option must:

- (i) deliver to the Paying Agent a duly completed Redemption Notice not earlier than 45 days before and not later than 30 days before the relevant Put Option Exercise Date; and
- (ii) transfer the relevant part of its interest in the CD to the Paying Agent's account with the CMU Service as specified in the form of Redemption Notice provided by the Paying Agent.

7.1.2 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 CD Holder 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 Paying Agent one or more Redemption Notices not earlier than 45 days before and not later than 30 days before the relevant Put Option Exercise Date (as stated in the Issue Terms), specifying in each case the aggregate Nominal Definitive Principal Amount(s) (as stated in the Issue Terms) for which the Put Option is being exercised; and
- (ii) the holder of the Global CD must present the Global CD to 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.

7.1.3 If the Put Option is being exercised for a Global CD which is held by the Issuer or a Nominated Custodian:

- (i) the CD Holder must (in accordance with the terms and conditions governing the relationship between the Issuer and the CD Holder) deliver to the Issuer a Redemption Notice not earlier than 45 days before and not later than 30 days before the relevant Put Option Exercise Date, specifying the aggregate Nominal Definitive Principal Amount(s) for which the Put Option is being exercised; and
- (ii) the Issuer is entitled to prohibit any transfers by the CD Holder of an interest in a Global CD for which a Redemption Notice has been received until the relevant Put Option Exercise Date.

7.1.4 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 CD Holder must deliver to the Paying Agent a duly completed Redemption Notice not earlier than 45 days before and not later than 30 days before the relevant Put Option Exercise Date; and
 - (ii) the CD Holder must deposit that Definitive CD with the Paying Agent at the same time as delivering the Redemption Notice.
- 7.2 To the extent that the procedures in Conditions 7.1.1, 7.1.2, 7.1.3 or 7.1.4 are followed, the Issuer will repay each relevant Deposit on the relevant Put Option Exercise Date in accordance with the directions given to the Paying Agent in the relevant Redemption Notice and the relevant CD(s), or interest in the relevant CD(s), will be surrendered.
- 7.3 Any Redemption Notice received by the Paying Agent will be irrevocable and will bind both the Issuer and each relevant CD Holder.
- 7.4 Any CD so deposited may not be withdrawn and any transfer so made may not be reversed without the prior consent of the Issuer.
- 7.5 On the relevant Put Option Exercise Date, the CD (or interest in a CD) for a Fixed Rate CD and a Floating Rate CD for which the Redemption Notice has been received will become immediately due and payable at its principal amount together with accrued interest (except as otherwise provided in the Issue Terms).
- 7.6 The Put Option under this Condition 7 shall not be applicable to a Discounted CD
- 8. **CALL OPTION**
- 8.1 If the Issue Terms specify that a Call Option is applicable for a CD, the Issuer 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 not more than 45 nor less than 30 days' prior written notice to each CD Holder and the Paying Agent of its intention to exercise the option, which notice will be irrevocable and will be binding on both the Issuer and each CD Holder.
- 8.2 After issuing a notice under Condition 8.1, the Issuer will be obliged to repay all the Deposits comprising a Series on the relevant Call Option Exercise Date (specified in the Issue Terms) on surrender of the relevant CDs (in respect of the CDs not held by the CMU Service), or by transfer of the interest in that CD to the Paying Agent (if that CD is held by the CMU Service).
- 8.3 Notice will be deemed to have been given to each CD Holder when published in accordance with the Condition titled "Notices" below.
- 8.4 On the relevant Call Option Exercise Date (specified in the Issue Terms and the notice from the Issuer), the Deposits in the Series for Fixed Rate CDs and Floating Rate CDs will become immediately due and payable at their principal amount together with accrued interest (except as otherwise provided in the Issue Terms).
- 8.5 The Call Option under this Condition 8 shall not be applicable to a Discounted CD.

9. **DEFAULT**

If, in respect of the interest bearing CDs, the Issuer fails to pay interest on the CD when due and that failure continues for a period of seven Business Days, then a holder of a Definitive CD or an Accountholder of a Global CD can declare, by notice in writing given to the Paying Agent 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 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,

without further formality unless that repayment event is remedied before the Paying Agent receives the notice.

10. **NOTICES**

10.1 Subject to Conditions 10.2 and 10.3 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:

- 10.1.1 specifying any appointment or change of Paying Agent or Calculation Agent;
- 10.1.2 giving notice under the Conditions titled "Tax Call" and "Call Option" above; or
- 10.1.3 giving notice in respect of any other matters for which a notice is to be given under the Conditions as soon as is practicable.

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, notices may be given by their being delivered to Euroclear or Clearstream, as the case may be, or otherwise to the Accountholders.

10.4 If the Issuer 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 Issuer and that person (which, for a customer of the Issuer, may include any arrangements for giving notice in accordance with terms and conditions applying to that customer).

11. **PURCHASES**

- 11.1 The Issuer or its subsidiaries may at any time purchase CDs in the open market or otherwise and at any price.
- 11.2 Any CDs purchased by the Issuer in the ordinary course of business of dealings in securities or as a nominee may be resold by it in the open market or otherwise and at any price.
- 11.3 Any CDs purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold.
- 11.4 All CDs so purchased by a subsidiary of the Issuer may be cancelled, held by such subsidiary or resold.

12. **FURTHER ISSUES**

The Issuer may from time to time without the consent of any holder or Accountholder take deposits evidenced by further CDs having the same terms and conditions as this CD in all respects 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.

13. **DEFINITIONS IN A CD:**

"**Accountholder**" means, in respect of a Global CD at any time:

- (i) each CMU Accountholder credited with an interest in that Global CD 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 except for any Clearing System which holds that account in its capacity as a Clearing System; or
- (iii) where a Global CD is held by the Issuer or a Nominated Custodian and has not been lodged with a Clearing System, each person who has been recorded by the Issuer or the Nominated Custodian as being credited with an Entry or Entries in that Global CD except for any Clearing System which is credited with that interest in its capacity as a Clearing System.

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

"**Alternative Currency CDs**" means CDs denominated or to be denominated in an Alternative Currency.

"Alternative Floating Rate Benchmark" means, for any Series, any method for calculating floating rate interest (other than HIBOR or LIBOR or SHIBOR) in respect of that Series which may be agreed in writing for a particular Series between the Issuer and any Dealer(s) and Agent(s) participating in that Series before the issue of such Series.

"Business Day" means 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

- (i) for a US\$ CD, on which banks and foreign exchange markets are open for business in London and New York City;
- (ii) for an Alternative Currency CD, in the principal financial centre on which dealings in the Alternative Currency are carried out and on which, if the Alternative Currency CD is a Floating Rate CD, the relevant Floating Rate Benchmark or ISDA Rate can be determined; and
- (iii) if the CD is held by a Clearing System, on which that Clearing System is operating.

"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.

"CD" means any Global CD or Definitive CD.

"CD Holder" means, in respect of a CD at any time:

- (i) for a Global CD held by the CMU Service, each CMU Accountholder credited with an interest in that Global CD;
- (ii) for a Global CD held by a Clearing System (other than the CMU Service), each holder of one or more accounts with a Clearing System credited with an Entry or Entries in that Global CD;

- (iii) for a Global CD held by the Issuer or a Nominated Custodian, each person who has been recorded by the Issuer or the Nominated Custodian as being credit with an Entry or Entries in that Global CD; or
- (iv) for a Definitive CD, each holder of that Definitive CD.

"**Clearing System(s)**" means any of Clearstream, the CMU Service and Euroclear.

"**Clearstream**" means Clearstream Banking, société anonyme.

"**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 Hong Kong Monetary Authority acting as operator of the Central Moneymarkets Unit Service.

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

- (i) if "**Actual/Actual**" 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, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (v) if "**30E/360**" is specified in the Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30,

"Deed of Covenant" means the deed of covenant dated on or about the Programme Agreement and executed by the Issuer in relation to the 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:

- (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.

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

"Euroclear" means Euroclear Bank SA/NV

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

"Floating Rate Benchmark" means:

- (i) for Hong Kong dollars, HIBOR;
- (ii) for US dollars, LIBOR;
- (iii) for RMB, SHIBOR; or
- (iv) any applicable Alternative Floating Rate Benchmark.

"Global CD" means a permanent global certificate of deposit issued under the Programme which is specified as a "Global CD".

"Global Principal Amount" means the Initial Global Principal Amount (as specified in the Issue Terms) 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.

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

"HK\$" 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:

- (i) for a HK\$ CD, the first day of an Interest Period;
- (ii) for a US\$ CD, the second London Business Day before the first day of an Interest Period;

- (iii) for a RMB CD, the business day (which, for the purposes hereof, shall be a day on which banks are open for business in Shanghai) before the first day of an Interest Period; and
- (iv) for an Alternative Currency CD, the day agreed between the Issuer and the relevant Agent(s) and Dealer(s) on which Interest Rate quotations are obtained, for the purposes of Condition 3.2, in respect of that Alternative Currency CD.

"Interest Payment Date" means, with respect to each Series of CDs, each such date specified in the relevant Issue Terms of such Series.

"Issue Terms" means, a document substantially in the form of Schedule 1 (*Issue Terms*) to the Programme Agreement completed to specify all the information relating to an actual or proposed CD or Series which is required to be specified for the particular purpose of that document in accordance with the completion instructions in Schedule 1 (*Issue Terms*) to the Programme Agreement (together with any Alternative Floating Rate Benchmark (if applicable)) and which may be used (subject to the information which is specified on it and the basis on which it has been completed) as:

- (i) the basis of the information to be delivered in a Telephone Request for Bids;
- (ii) an attachment to (and forming part of) a Written Request for Bids;
- (iii) an attachment to (and forming part of) a Response to Request for Bids;
- (iv) an attachment to (and forming part of) an Unsolicited Offer;
- (v) an attachment to (and forming part of) an Issue Terms Confirmation; or
- (vi) an attachment to (and forming part of) a Global CD or a Definitive CD.

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

"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.

"Nominal Definitive Principal Amount" means such amount specified in the Issue Terms.

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

"Period End Date" means each Interest Payment Date, except that in the case "No Adjustment" is specified in the Issue Terms, each such Interest Payment Date will not be subject to adjustment in accordance with the Business Day Convention for the purposes of this definition, notwithstanding that such date occurs on a day that is not a Business Day.

"Position Report" means a 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 the Hong Kong Special Administrative Region, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"**Programme**" means the certificate of deposit programme established by the Issuer on 20 July 2011, initially for an aggregate amount of EUR5,000,000,000 or its equivalent.

"**Programme Agreement**" means the programme agreement (as amended from time to time) relating to the Programme dated 20 July 2011 entered into by the Issuer.

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

"**Reference Banks**" means the principal offices of three major banks active in the relevant inter-bank market for the relevant currency in:

- (i) Hong Kong (if the currency is HK\$);
- (ii) London (if the currency is US\$);
- (iii) Shanghai (if the currency is RMB); or
- (iv) the principal financial centre of any currency which is an Alternative Currency, as selected by the Issuer or, if one is specified in the Issue Terms, the Calculation Agent, acting reasonably.

"**Relevant Accountholder**" has the meaning given to it in the Deed of Covenant.

"**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.

"**RMB**" and "**Renminbi**" means the lawful currency of the People's Republic of China.

"**RMB CD**" means a CD denominated in Renminbi.

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

"**Spain**" means Kingdom of Spain.

"**United States**" or "**U.S.**" means the United States of America, including the states and the District of Columbia and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

"**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.

FORM OF ISSUE TERMS

The form of Issue Terms that will be completed for each Series (subject only to deletion of non-applicable terms) is set out below:

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

Identification

1. **Series Identification:** [] *Specify in all Issue Terms*
2. **Certificate No.:** [] *Specify in Issue Terms attached to Definitive CD*
3. **CMU Instrument No.:** [] *Specify in Issue Terms attached to Issue Terms Confirmation and CDs*
[Not Applicable]
4. **ISIN/CUSIP No./Common Code:** [] *Specify in Issue Terms attached to Issue Terms Confirmation and CDs*
[Not Applicable]
5. **Initial Custody Arrangements:** The Global CD will, on the Deposit Date be lodged with [a sub-custodian for the CMU Service]/[a custodian for Euroclear and Clearstream/the Issuer or a Nominated Custodian for the Issuer] *Specify in all Issue Terms*

Amount and Tenor

6. **Initial Global Principal Amount (of Global CD):** [*State amount in figures (and words)*] *The Issuer has option to specify in Issue Terms attached to Written Request for Bids*

Specify in Issue Terms attached to Issue Terms Confirmation and CDs
7. **Currency:** [Hong Kong Dollars / United States Dollars / *Renminbi / state Alternative Currency] *Specify in all Issue Terms*

**Purchasers of the CDs should note that the Renminbi is not a freely convertible currency. All payments in respect of the CDs will be made solely by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in currency or by transfer to a bank account in the PRC). In addition, there can be no assurance that access to Renminbi funds for the purposes of making payments on the CDs or generally may not remain or become restricted.*

8. Deposit Date: [] *Specify as a date or range of dates on Issue Terms attached to Written Request for Bids, Response to Request for Bids or Unsolicited Offer*

Specify in Issue Terms attached to Issue Terms Confirmation and CDs

9. Maturity Date: *[[state number of Months/Years] from the Deposit Date] or [state Maturity Date]* *Specify like 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] **For Floating Rate CDs*
***For Fixed Rate CDs or Discounted CDs*

Type of CD and Yield

10. Interest Rate Basis: *[Fixed Rate / Floating Rate / Discounted]* *Specify like this in Issue Terms*

11. Interest Rate (Fixed Rate):	[• per cent. per annum] [Not Applicable]	<i>The Issuer has option to specify in a 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>
12. Floating Rate Determination (Floating Rate):	[Screen Rate Determination / ISDA Determination / Other] [Not Applicable]	<i>Specify in all Issue Terms for Floating Rate CDs</i>
13. Floating Rate Benchmark (Floating Rate – Screen Rate Determination):	[HIBOR/LIBOR/SHIBOR/ other] [Reuters/other] [Not applicable]	<i>Specify in Issue Terms where Floating Rate Determination is Screen Determination</i>
14. Floating Rate Benchmark (Floating Rate – ISDA Determination):	[Applicable / Not Applicable]	
- Floating Rate Option	[state Floating Rate Option] [Not Applicable]	<i>Specify in Issue Terms where Floating Rate Determination is ISDA Determination</i>
- Designated Maturity	[state Designated Maturity] [Not Applicable]	<i>Specify in Issue Terms where Floating Rate Determination is ISDA Determination</i>
- Reset Date	[state Reset Date] [Not Applicable]	<i>Specify in Issue Terms where Floating Rate Determination is ISDA Determination</i>
15. Margin (Floating Rate):	[+/-] [•] [Not Applicable]	<i>The Issuer has option to specify in a 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. Interest Payment Date	[• Monthly] [State Dates and Months] [Not Applicable]	<i>Specify like this in Issue Terms attached to Written Request for Bids, Response to Request for Bids or Unsolicited Offer</i> <i>Specify in Issue Terms attached to Issue Terms Confirmation and CDs</i>

17. **Discounted Bid Rate (Discounted):** [\bullet per cent. per annum]
[Not Applicable] *The Issuer 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.

18. **Initial Purchase Price:** [HK\$/US\$/RMB\$/other] *Specify in Issue Terms attached to Issue Terms Confirmation and CDs*

Put and Call Features

19. **Put Option:** [Applicable] *Specify in all Issue Terms*
[Not Applicable]

20. **Put Option Exercise Date(s):** [Interest Payment Date falling in \bullet] *Specify in all Issue Terms*
[Not Applicable]

21. **Call Option:** [Applicable] *Specify in all Issue Terms*
[Not Applicable]

22. **Call Option Exercise Date(s):** [Interest Payment Date falling in \bullet] *Specify in all Issue Terms*
[Not Applicable]

Calculation Methods

23. **Day Count Fractions:** [Actual/Actual] *Specify in all Issue Terms*
[Actual/365 (Fixed)]*
[Actual/360]** [30/360] **Actual/365 (Fixed)" should be specified for RMB CDs*
[30E/360] [Other]

***Actual/360 should be specified for all Fixed Rate CDs and Floating Rate CDs (other than CDs issued in RMB and USD)*

24. **Business Day Convention:** [Floating Rate] [Following] *Specify in all Issue Terms*
[Modified Following]*
[Preceding] [and No] **"Modified Following" shall be specified for "Business Day Convention" in respect of RMB CDs*
Adjustment]**

[Not Applicable]

*** "No Adjustment" shall be specified for Fixed Rate CDs*

Terms for Definitive CDs

25. **Nominal Definitive Principal Amount:** [*State amount in figures (and words)*] *Specify in all Issue Terms*
26. **Number of Definitive CDs initially represented by Global CD in a Series:** [*State number in figures (and words)*] *The Issuer 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

27. **Issuing Agent:** [Citicorp International Limited
9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong
Copy to: 39/F Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong]*/
- [Citibank N.A., London Branch
C/O Citibank, N.A., Ground Floor, DUB-01-11, 1 North Wall Quay, Dublin 1, Ireland]**/
- [State name and address of alternative Issuing Agent]*
- Specify in all Issue Terms*
** For CDs held in the CMU Service*
*** For CDs held in Euroclear or Clearstream*

28. **Paying Agent:** [Citicorp International Limited] *Specify in all Issue Terms*
 9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong
 Copy to: 39/F Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong]*/
 [Citibank N.A., London Branch
 C/O Citibank, N.A., Ground Floor, DUB-01-11, 1 North Wall Quay, Dublin 1, Ireland]**/
 [State name and address of alternative Paying Agent]
- * For CDs held in the CMU Service
 ** For CDs held in Euroclear or Clearstream
29. **Calculation Agent:** [Citicorp International Limited] *Specify in all Issue Terms*
 9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong
 Copy to: 39/F Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong]*/
 [Citibank N.A., London Branch
 C/O Citibank, N.A., Ground Floor, DUB-01-11, 1 North Wall Quay, Dublin 1, Ireland]**/
 [State name and address of alternative Calculation Agent]
- * For CDs held in the CMU Service
 ** For CDs held in Euroclear or Clearstream
30. **CMU Lodging Agent:** [Citicorp International Limited] *Specify in all Issue Terms*
 9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom,

Kowloon, Hong Kong

Copy to: 39/F Citibank
Tower, Citibank Plaza, 3
Garden Road, Central,
Hong Kong]/

*[State name and address of
alternative CMU Lodging
Agent] / [Not Applicable]*

Special Features

31. **[Applicable]**

[Not Applicable]

*[State name any special
terms and conditions]*

*State whether applicable or not
and, if applicable set out the
terms particular to the series.*

SUMMARY OF PROVISIONS RELATING TO EACH SERIES OF 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 for Definitive CDs

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

- (i) if that Global CD is held by a Clearing System, when that Clearing System:
 - (a) has been closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or
 - (b) announces an intention permanently to cease business or does in fact do so;
- (ii) if that Global CD is held by the Issuer or a Nominated Custodian when:
 - (a) the holder of that Global CD has been closed for a continuous period of seven Business Days (other than by reason of holidays, statutory or otherwise);
 - (b) the holder of that Global CD announces an intention permanently to cease business or does in fact do so; or
 - (c) the Issuer is, or declares that it is, unable to maintain records of the Entries for the Accountholders;
- (iii) if the Issuer does not pay in the manner provided in the Conditions any sum payable under that Global CD when due and the payment is not made within 7 days after the due date; or
- (iv) if:
 - (a) the Issuer would suffer a material disadvantage in respect of that Global CD as a result of a change in the laws or regulations (taxation or otherwise) of Hong Kong or Spain which would not be suffered if that Global CD was exchanged for Definitive CDs; and
 - (b) the Issuer issues to the holder of that Global CD a certificate, signed by an authorised signatory of the Issuer, confirming that material disadvantage.

In the case of (i) or (iii) above, the holder of a Global CD may give notice to the Paying Agent of its intention to exchange that Global CD for Definitive CDs on or after the Exchange Date specified in the notice. In the case of (iv) above, the Issuer may give notice to the Paying Agent (if one is specified in the Issue Terms) or the holder of that Global CD. In the case of (ii) above, any Accountholder may require the Issuer to deliver Definitive CDs representing that Accountholder's interest in that 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 (i) above, the relevant Clearing Systems are open for business.

On or after any Exchange Date, the holder of a Global CD may surrender that Global CD to or to the order of the Paying Agent.

In exchange for a Global CD (or an interest in a Global CD), the Issuer will deliver, or procure the delivery of, an equal aggregate nominal principal amount of duly executed Definitive CDs.

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

Exchange for Direct Rights

An Accountholder may from time to time elect for 'Direct Rights' to come into effect under the provisions of a Global CD and the Deed of Covenant if:

- (i) the Issuer does not pay in the manner provided in the Conditions any sum payable under a Global CD when due and the payment is not made within 7 days after the due date and no Definitive CDs have been requested to be produced; or
- (ii) if Definitive CDs have been requested to be produced and they have not been produced in a manner and by the time required by the Global CD.

SUBSCRIPTION AND SALE

Selling Restrictions

1. **Distribution**

By its purchase and acceptance of CDs issued under the Programme Agreement, each Dealer (which term shall, in the case of a Syndicated Issue and in this section, include Syndicate Dealers) has agreed to observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver CDs; and it has agreed not to directly or indirectly offer, sell, re-sell, re-offer or deliver CDs or any participation in the 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 it will not offer or sell any of the CDs in Hong Kong or to residents of Hong Kong unless such offer or sale is made in compliance with all applicable laws and regulations of Hong Kong.

3. **People's Republic of China ("PRC")**

Each Dealer has agreed that it will not offer or sell any of the CDs in the PRC or to residents of the PRC unless such offer or sale is made in compliance with all applicable laws and regulations of the PRC.

4. **Spain**

Each Dealer has represented, warranted and agreed that the CDs may not be offered, sold or distributed, nor may any subsequent resale of CDs be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Act (Ley 24/1988 de 28 de julio, del Mercado de Valores), as amended and restated (the "LMV"), or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in Spain in relation to the CDs.

Neither the CDs nor the Information Memorandum have been registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) and therefore the Information Memorandum is not intended for any public offer of the CDs in Spain.

5. **Selling Restrictions addressing Additional United Kingdom Securities Laws**

Each Dealer has represented and agreed as follows:

5.1 ***No deposit-taking:*** In relation to CDs with a tenor of less than one year,

5.1.1 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

5.1.2 it has not offered or sold and will not offer or sell any CDs other than to persons:

- (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
- (ii) 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 Issuer;

5.2 **Financial promotion:** It has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Issuer; and

5.3 **General compliance:** It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the CDs in, from or otherwise involving the United Kingdom.

6. **United States of America**

6.1 The CDs have not been and will not be registered under the U.S. Securities Act of 1933 (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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The CDs, are being offered outside the United States in compliance with Regulation S under the Securities Act. Each Dealer has represented that it has offered and sold the CDs, and agreed that it will offer and sell the CDs (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, only in accordance with Rule 903 of Regulation S under the Securities Act. 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 they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer has agreed that, at or before confirmation of sale of CDs, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases CDs from it during the Restricted 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 and 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 later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings 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 under the Securities Act.

6.2 Each Dealer has agreed that all of its activities and services under the Programme Agreement will be performed outside the United States of America.

6.3 Each Dealer has 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**

The Issuer and each Dealer has acknowledged, represented and agreed that the Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Issuer and each Dealer has represented, warranted and agreed that it has not offered or sold any CDs or caused such CDs to be made the subject of an invitation for subscription or purchase, and will not offer or sell such CDs or cause such CDs to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such CDs, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**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.

8. **Japan**

The CDs have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any CDs in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registered requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

9. **Amendments to Selling Restrictions**

If as a 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 Issuer determines that the foregoing selling restrictions require amendment or variation to ensure compliance with such law, treaty or official directive or request, then the Issuer may promulgate new selling restrictions to

each Dealer which shall take effect as if set out in the Programme Agreement from the date specified in such notice in accordance with the terms of the Programme Agreement.

TAXATION

HONG KONG

The statements below regarding taxation are based on the law and practice of Hong Kong at the date of this Information Memorandum and are subject to any subsequent changes in law or practice (which could be made on a retroactive basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the CDs and may not apply equally to all persons. Prospective purchasers of the CDs are advised to consult their own tax advisers concerning the tax consequences of their ownership of the CDs.

Withholding tax

No withholding tax is payable in respect of payments of principal or interest on the CDs or any gains arising on the sale of the CDs.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) ("**IRO**") of Hong Kong as it is currently applied, interest on the CDs may be subject to Hong Kong profits tax in the following circumstances:

- interest on the CDs is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong;
- interest on the CDs is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business; or
- interest on the CDs is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong.

Pursuant to the *Exemption from Profits Tax (Interest Income) Order*, interest income accruing to a person other than a financial institution on deposits (denominated in any currency) placed with, *inter alia*, an authorised institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no documents involving the issue of the CDs are registered under the Companies Ordinance (Cap. 32) of Hong Kong, the issue of the CDs by the Issuer is expected to constitute a deposit to which the above exemption from the payment of profits tax will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of CDs will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal, or redemption of CDs will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum which has a Hong Kong source is derived in carrying on of the trade, profession or business in Hong Kong. The source of such sums will generally be determined by having regard to the location where and the manner in which the CDs are acquired and disposed.

Stamp Duty

No stamp duty should be payable on the issue or subsequent transfer of the CDs where the CDs are “certificates of deposits” as defined under Section 2 of the IRO.

Estate Duty

Hong Kong estate duty has been abolished with respect to all deaths after 10 February 2006.

UNITED STATES

FATCA

Starting in 2013, United States withholding tax may be imposed on a portion of any interest, principal or disposition proceeds received with respect to CDs issued after 18 March 2012. Significant details about the relevant rules are not yet known. CD Holders will not be entitled to receive additional amounts with respect to this tax. Prospective investors in CDs issued after 18 March 2012 should consult their own advisors about this new regime, which is commonly referred to as FATCA.

Holders or intending holders are recommended to consult their advisers as to their own tax position.

The contents of this Information Memorandum are based on Hong Kong law as at 20 July 2011.

For any further information, please contact the Issuer.

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