

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following is the text of the Terms and Conditions of the Capital Securities which (subject to modification and excluding paragraphs in italics) will be endorsed on each definitive certificate evidencing the Capital Securities (if issued).

The U.S.\$650,000,000 6.50 per cent. non-cumulative subordinated additional tier 1 capital securities (each, a “**Capital Security**” and, together, the “**Capital Securities**”) of Nanyang Commercial Bank, Limited (the “**Issuer**”) are constituted by, and have the benefit of, a trust deed (as amended and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 28 April 2022 (the “**Issue Date**”) between the Issuer and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Holders (as defined below). The issue of the Capital Securities was authorised pursuant to resolutions of the board of Directors (as defined below) of the Issuer passed on 3 December 2021. Copies of (i) the Trust Deed and (ii) the agency agreement (as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated the Issue Date made among the Issuer, The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereto), as calculation agent (the “**Calculation Agent**”, which expression shall include any successor thereto), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”, which expression shall include any successor thereto) and as transfer agent (the “**Transfer Agent**”, which expression shall include any successors thereto), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any successor thereto), the other agents named therein and the Trustee are (i) available to Holders following prior written request and satisfactory proof of holding during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday, other than public holidays) by the Holders at the registered office of the Trustee, being at the date hereof at One Canada Square, London E14 5AL, United Kingdom and at the specified office of each of the Paying Agents and Transfer Agent set out in the Agency Agreement; or (ii) provided by the Trustee via e-mail to the relevant Holders following satisfactory proof of holding, in each case, provided the Trustee has been supplied with the relevant documents by the Issuer. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed. In these terms and conditions (the “**Conditions**”), the “**Holder**” of a Capital Security means the person in whose name such Capital Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof).

1. Form and Denomination

The Capital Securities are issued in registered form in the denomination of U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof (each, a “**principal amount**” of a Capital Security). The principal amount of a Capital Security is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 4.3 (*Distribution — Non-Viability Loss Absorption*)) and references in these Conditions to the principal amount of a Capital Security shall mean the principal amount of a Capital Security as so adjusted.

The Capital Securities are not issuable in bearer form.

2. Status and Subordination of the Capital Securities

2.1 Status of the Capital Securities

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated in the manner described below in this Condition 2 (*Status and Subordination of the Capital Securities*).

2.2 Subordination

Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights and claims against the Issuer of the Holders to payment of principal and Distribution on the Capital Securities and any other obligations in respect of the Capital Securities shall rank (x) subordinate and junior in right of payment to, and of all claims of (i) all unsubordinated creditors of the Issuer (including its depositors), (ii) holders of Tier 2 Capital Instruments of the Issuer, and (iii) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (y) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations; and (z) senior in right of payment to and of all claims of the holders of Junior Obligations.

In the event of a Winding-Up that requires the Holders or the Trustee to provide evidence of their claim to principal or Distribution under the Capital Securities, such claims of the Holders will only be satisfied after all obligations of the Issuer ranking senior to the Capital Securities have been satisfied in whole. No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event (as defined below) or an Optional Distribution Cancellation Event (as defined below).

2.3 Qualification of the Capital Securities

The Capital Securities are intended to qualify as additional tier 1 capital under the Capital Regulations.

For the purposes of these Conditions:

“**Additional Tier 1 Capital Instrument**” means any instruments or other obligations issued, entered into or guaranteed by the Issuer that constitute or qualify as additional tier 1 capital (or its equivalent) pursuant to the applicable Capital Regulations;

“**Authorized Institution**” has the meaning given to that term in the Banking Ordinance (Cap. 155) of Hong Kong, as amended or superseded from time to time;

“**Capital Regulations**” means the Banking (Capital) Rules (Cap. 155L) of Hong Kong, as amended or superseded from time to time, or any other capital rules or regulations from time to time applicable to the regulatory capital of Authorized Institutions incorporated in Hong Kong as issued or implemented by the Monetary Authority;

“**Junior Obligation**” means the Shares, and any other class of the Issuer’s share capital and any instrument or other obligation (including without limitation any preference share) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank junior to the Capital Securities by operation of law or contract;

“**Monetary Authority**” means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong or any successor thereto;

“**Parity Obligation**” means any Additional Tier 1 Capital Instrument or any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Capital Securities by operation of law or contract which, for the avoidance of doubt, excludes any Junior Obligation of the Issuer;

“**Permitted Reorganisation**” means any solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Capital Securities;

“**Shares**” means the ordinary share capital of the Issuer;

“**Subordinated Creditors**” means all creditors the indebtedness of which is subordinated, in the event of the Winding-Up of the Issuer, in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or are expressed to rank by operation of law or contract *pari passu* with, or junior to, the claims of the Holders of the Capital Securities. For this purpose indebtedness shall include all liabilities, whether actual or contingent;

“**Tier 2 Capital Instrument**” means any instruments or other obligations issued, entered into or guaranteed by the Issuer that constitute or qualify as tier 2 capital (or its equivalent) pursuant to the applicable Capital Regulations; and

“**Winding-Up**” means a final and effective order or resolution by a judicial authority in the jurisdiction of incorporation of the Issuer for the liquidation, winding-up or similar proceedings in respect of the Issuer.

2.4 *Set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities and each Holder shall, by virtue of being the Holder of any Capital Security be deemed to have waived all such rights of such set-off, counter-claim or retention.

In the event that any Holder nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding (as defined in Condition 9.1 (*Events of Default and Winding-Up Proceedings*)) in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Capital Securities, other than in accordance with this Condition 2.2 (*Status and Subordination of the Capital Securities — Subordination*), such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the Winding-Up of the Issuer for distribution and each Holder, by virtue of becoming a Holder of any Capital Security, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

3. **Registration, Title and Transfer**

3.1 *Registration*

The Registrar will maintain a register (the “**Register**”) in respect of the Capital Securities outside of the United Kingdom in accordance with the provisions of the Agency Agreement.

A certificate (each, a “**Certificate**”) will be issued to each Holder in respect of its registered holding of Capital Securities. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Capital Securities will be represented by a Global Certificate (the “**Global Certificate**”) deposited with a nominee of a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). These Conditions are modified by certain provisions contained in the Global Certificate.*

Except in the limited circumstances described in the Global Certificate, owners of interest in the Capital Securities will not be entitled to receive physical delivery of definitive Certificates.

3.2 Title

Title to the Capital Securities passes only by registration in the Register. The Holder of each Capital Security shall (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as the absolute owner of such Capital Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder.

3.3 Transfers

Subject to Condition 3.6 (*Registration, Title and Transfer — Closed periods*) and Condition 3.7 (*Registration, Title and Transfer — Regulations concerning transfers and registration*) below, a Capital Security may be transferred in whole or in part upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed and signed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Capital Security may not be transferred unless the principal amount of Capital Securities transferred and (where not all of the Capital Securities held by a Holder are being transferred) the principal amount of the balance of Capital Securities not transferred are (subject in each case to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 4.3 (*Distribution — Non-Viability Loss Absorption*))) a principal amount. Where not all the Capital Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Capital Securities will be issued to the transferor.

Transfers of interests in the Capital Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

3.4 Registration and delivery of Certificates

Within seven business days of the surrender of a Certificate in accordance with Condition 3.3 (*Registration, Title and Transfer — Transfers*), the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Capital Securities transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder.

In this Condition 3.4 (*Registration, Title and Transfer — Registration and delivery of Certificates*), “**business day**” means a day, excluding a Saturday, Sunday and public holiday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.

3.5 Formalities free of charge

The transfer of a Capital Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Issuer, the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

3.6 Closed periods

No Holder may require the transfer of a Capital Security to be registered (i) during the period of 15 days prior to (and including) the due date of any payment of principal or Distributions in respect of the Capital Securities or (ii) during the period commencing on the date of a Non-Viability Event Notice (as defined in Condition 4.3 (*Distribution — Non-Viability Loss Absorption*) below) and ending on (and including) the close of business in Hong Kong on the effective date of the related Write-off (as defined in Condition 4.3 (*Distribution — Non-Viability Loss Absorption*) below).

So long as the Capital Securities are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or any other clearing system, no Holder may require the transfer of a Capital Security to be registered during the period of five Clearing System Business Days (as defined in Condition 5.5 (Payments — Record Date)) (or such other period as the relevant clearing system shall determine in accordance with their rules and procedures) commencing on the Clearing System Business Day immediately following the date on which the Non-Viability Event Notice has been received by the relevant clearing system (the “Suspension Period”).

3.7 Regulations concerning transfers and registration

All transfers of Capital Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, and by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Holder following prior written request and satisfactory proof of holding.

3.8 Partial Write-off in respect of Capital Securities

In the case of a partial Write-off, or partial cancellation, conversion, modification and/or change in form pursuant to Condition 4.4 (*Distribution — Hong Kong Resolution Authority Power*) of a holding of Capital Securities represented by a single Certificate, a new Certificate shall be issued to the relevant Holder in respect of the balance of the holding not Written-off or not subject to cancellation, conversion, modification and/or change in form pursuant to Condition 4.4 (*Distribution — Hong Kong Resolution Authority Power*) (as the case may be). New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or the Transfer Agent.

4. Distribution

4.1 Distribution Payments

(a) Non-Cumulative Distribution

Subject to Condition 4.2 (*Distribution — Distribution Restrictions*) below, the Capital Securities confer a right to receive non-cumulative distributions (each a “**Distribution**”) on their outstanding principal amount (subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution — Non-Viability Loss Absorption*) from, and including, the Issue Date at the applicable Distribution Rate, payable semi-annually in arrear on 28 April and 28 October in each year (each a “**Distribution Payment Date**”) in equal instalments in respect of the period beginning on and including the Issue Date and ending on but excluding the First Call Date, and each Reset Distribution Period, respectively.

Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and Holders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer. Unless otherwise provided in these Conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all amounts due in respect of such Capital Security have been paid; and (b) five days after the date on which the full amount of moneys payable in respect of such Capital Security has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Holders in accordance with Condition 12 (*Notices*).

No Holder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to this Condition 4.1 (*Distribution — Distribution Payments*) and Condition 4.2 (*Distribution — Distribution Restrictions*) below. Accordingly, such Distribution shall not accumulate for the benefit of the Holders or entitle the Holders to any claim in respect thereof against the Issuer.

(b) Distribution Rate

The rate of distribution (the “**Distribution Rate**”) applicable to the Capital Securities shall be:

- (i) in respect of the period from, and including, the Issue Date to, but excluding, 28 April 2027 (the “**First Call Date**”), 6.50 per cent. per annum; and
- (ii) in respect of the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date, the relevant Reset Distribution Rate.

For the purposes of these Conditions:

“**Auditors**” means the independent certified public accountants for the time being of the Issuer.

“**Calculation Business Day**” means any day, excluding a Saturday, Sunday and public holiday, on which banks are open for general business (including dealings in foreign currencies) in London, New York City and Hong Kong.

“**Calculation Date**” means, in relation to a Reset Distribution Period, the third Calculation Business Day immediately preceding the Distribution Reset Date on which such Reset Distribution Period commences.

“**Comparable Treasury Issue**” means the U.S. Treasury security selected by the Issuer as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years.

“**Comparable Treasury Price**” means, with respect to any Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date.

“**Directors**” means the directors of the Issuer and “**Director**” means any one of them.

“**Distribution Determination Date**” means the day falling two Business Days (as defined in Condition 4.2 (*Distribution — Distribution Restrictions*)) prior to a Distribution Payment Date.

“**Distributable Reserves**” means the amounts for the time being available to the Issuer for distribution as a distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, as amended or superseded from time to time (the “**Companies Ordinance**”), as at the date of the Issuer’s audited balance sheet last preceding the relevant Distribution Payment Date, and subject to the Monetary Authority’s then current capital conservation requirements as applicable to the Issuer on the relevant Distribution Payment Date (the “**Available Amount**”); *provided that* if the Issuer reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Issuer’s audited balance sheet last preceding the relevant Distribution Payment Date and is insufficient to pay the Distributions and any payments due on Parity Obligations on the relevant Distribution Payment Date, then on certification by any one Director and the Auditors of such revised amount, the Distributable Reserves shall for the purposes of Distributions mean the Available Amount as set forth in such certificate.

As at the date hereof, pursuant to section 297(1) of the Companies Ordinance, the Issuer may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance, the Issuer’s profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganization of capital.

“**Distribution Reset Date**” means the First Call Date and each anniversary falling five years thereafter.

“**Reference Treasury Dealer**” means each of the three nationally recognised investment banking firms that are primary U.S. Government securities dealers which shall be selected by the Issuer.

“**Reference Treasury Dealer Quotations**” means with respect to each Reference Treasury Dealer and any Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer and the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m. New York City time on the second Calculation Business Day preceding the Distribution Reset Date.

“**Reset Distribution Period**” means the period from, and including, a Distribution Reset Date to, but excluding, the immediately following Distribution Reset Date.

“**Reset Distribution Rate**” means, in relation to a Reset Distribution Period, a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the Treasury Rate (as determined as set out below) with respect to the relevant Distribution Reset Date and (b) the Spread.

“**Spread**” means 3.509 per cent. per annum.

“**Treasury Rate**” means the rate in per cent. per annum notified by the Calculation Agent to the Issuer and the Holders equal to the yield that represents the average of the daily yields for the week immediately prior to the relevant Calculation Date, as derived from the most recently published statistical release designated “H.15” (currently set out on the website <http://www.federalreserve.gov/releases/h15/>) or any successor publication that is published by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity of five years.

If such release (or any successor release) is not published during the week preceding the relevant Calculation Date or does not contain such yields, “Treasury Rate” means the rate in per cent. per annum, notified by the Issuer to the Calculation Agent, equal to the yield to a maturity of five years, calculated using a price for Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant Calculation Date.

If there is no Comparable Treasury Price for the relevant Calculation Date, “Treasury Rate” means the rate in per cent. per annum notified by the Calculation Agent to the Issuer and the Holders equal to the yield that represents the average of the daily yields for the week that was last available prior to the relevant Calculation Date, as derived from the most recently published statistical release designated “H.15” (currently set out on the website <http://www.federalreserve.gov/releases/h15/>) or any successor publication that is published by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity of five years.

(c) *Calculation of Distribution and Relevant Reset Distribution Rate*

The Calculation Agent will calculate the amount of Distribution in respect of any period by applying the applicable Distribution Rate to the Calculation Amount. If Distribution is required to be paid in respect of a Capital Security on any date other than the Distribution Payment Date, it shall be calculated by applying the applicable Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the principal amount of such Capital Security divided by the Calculation Amount, where:

“**Calculation Amount**” means U.S.\$1,000, subject to adjustments following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution — Non-Viability Loss Absorption*); and

“**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

The Calculation Agent will prior to each Distribution Reset Date, calculate the applicable Reset Distribution Rate payable in respect of each Capital Security. The Calculation Agent will cause the Distribution and applicable Reset Distribution Rate determined by it to be promptly notified to the Principal Paying Agent, the Issuer, the Trustee and the Registrar.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4.1 (*Distribution — Distribution Payments*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Registrar, the Trustee and the Holders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(d) *Publication of Relevant Reset Distribution Rate*

The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Holders as soon as practicable in accordance with Condition 12 (*Notices*) after determination thereof.

(e) *Determination or Calculation by Successor Calculation Agent*

If the Calculation Agent does not at any time for any reason so determine the applicable Reset Distribution Rate, the Issuer shall as soon as practicable appoint a reputable financial institution of good standing as a successor calculation agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the successor calculation agent shall apply the foregoing provisions of this Condition 4.1 (*Distribution — Distribution Payments*), with any necessary consequential amendments, to the extent that, in the opinion of the successor calculation agent, it can do so and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

4.2 *Distribution Restrictions*

(a) *Optional Distribution Cancellation Event*

Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of Distributions (an “**Optional Distribution Cancellation Event**”), in whole or in part, by giving a notice signed by any one Director of the Issuer, which shall be conclusive and binding on the Holders (such notice, a “**Distribution Cancellation Notice**”), of such election to the Holders in accordance with Condition 12 (*Notices*), the Trustee and the Principal Paying Agent at least 10 Business Days (as defined below) prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 4.2(a) (*Distribution — Distribution Restrictions — Optional Distribution Cancellation Event*) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution that is cancelled shall therefore not be payable at any time thereafter, whether in a Winding-Up or otherwise.

For the purposes of these Conditions:

“**Business Day**” means a day (other than a Saturday, Sunday and public holiday) on which commercial banks and foreign exchange markets are open for general business in London and Hong Kong.

(b) *Mandatory Distribution Cancellation Event*

Notwithstanding that a Distribution Cancellation Notice may not have been given, the Issuer shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that:

- (i) the Distribution scheduled to be paid together with any dividends, distributions or other payments scheduled to be paid or made during the Issuer’s then current fiscal year on the Capital Securities and any Parity Obligations or any instruments which rank or are expressed to rank *pari passu* with any Parity Obligations shall exceed the Distributable Reserves as at such Distribution Payment Date; or
- (ii) the Monetary Authority directs the Issuer to cancel such Distribution (in whole or in part) or applicable Hong Kong banking regulations or other requirements of the Monetary Authority prevent the payment in full of dividends or other distributions when due on Parity Obligations

(each a “**Mandatory Distribution Cancellation Event**”).

The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 4.2(b) (*Distribution — Distribution Restrictions — Mandatory Distribution Cancellation Event*) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and therefore any Distribution which is cancelled in accordance with these Conditions shall not be payable at any time thereafter whether in a Winding-Up or otherwise.

(c) *Distributable Reserves*

Any Distribution may only be paid out of Distributable Reserves.

(d) *Dividend Stopper*

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of this Condition 4.2 (*Distribution — Distribution Restrictions*), the Issuer shall not:

- (i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or
- (ii) purchase, cancel or otherwise acquire any Shares or permit any of its Subsidiaries (as defined in Condition 4.4 (*Distribution — Hong Kong Resolution Authority Power*)) to do so,

in each case, unless or until the earlier of: (A) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to and in respect of a Distribution Payment Date preceding such subsequent Distribution Payment Date) has been paid in full to Holders or a designated third party trust account for the benefit of the Holders, or (B) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the outstanding principal amount of the Capital Securities in accordance with these Conditions to zero, or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders.

(e) *No default*

Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 4.2 (*Distribution — Distribution Restrictions*) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9.1 (*Events of Default and Enforcement — Events of Default and Winding-Up Proceedings*)) on the part of the Issuer.

4.3 *Non-Viability Loss Absorption*

If a Non-Viability Event occurs and is continuing, the Issuer shall, upon the date that the Issuer specifies in a Non-Viability Event Notice (which date, for the avoidance of doubt, can be on or prior to the date of the Non-Viability Event Notice), irrevocably (without the need for the consent of the Holders) reduce the then outstanding principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Capital Security (such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Securities so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the “**Write-off**”, and “**Written-off**” shall be construed accordingly).

Concurrently with the giving of the Non-Viability Event Notice, the Issuer shall procure, unless otherwise directed by the Monetary Authority that a similar notice be given in respect of other Subordinated Capital Securities in accordance with their terms.

For the avoidance of doubt, any Write-off pursuant to this Condition 4.3 (*Distribution — Non-Viability Loss Absorption*) will not constitute an Event of Default under the Capital Securities.

Any Capital Securities may be subject to one or more Write-offs in part (as the case may be), except where such Capital Securities has been Written-off in its entirety. Any references in these Conditions to “**principal**” in respect of the Capital Securities shall thereafter refer to the outstanding principal amount of the Capital Securities reduced by any applicable Write-off(s).

Once the outstanding principal amount of, and any accrued but unpaid Distribution under, the Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Holder may exercise, claim or plead any right to any amount that has been Written-off, and each Holder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off.

Each Holder shall be deemed to have authorised, ratified, directed (in the case of the Trustee only) and consented to the Trustee and the Agents to take any and all necessary action to give effect to any Write-off following the occurrence of the Non-Viability Event.

The Trustee and the Agents shall not be: (a) responsible or liable to any Holder for monitoring or determining whether a Non-Viability Event has occurred or not, (b) responsible for verifying or calculating any amount in connection with a Non-Viability Event or for any Write-off of Capital Securities made pursuant to the Issuer's directions, (c) responsible for preparing any Non-Viability Event Notice, (d) liable to the Holders or to any other person or the clearing systems (or its participants, members, broker-dealers or any other third parties) with respect to the notification and/or implementation of any Non-Viability Event by any of them in respect of such Capital Securities.

The Trustee and the Agents have no responsibility for nor liability with respect to actions taken or not taken by the clearing systems or its participants or members or any broker-dealers with respect to the notification or implementation of the Write-off, nor any application of funds or delivery of notices prior to a Write-off, or with respect to the return of any amount that was paid to any Holder following a Non-Viability Event in excess of the amount that should have been paid to such Holder.

For the purposes of this Condition 4.3 (*Distribution — Non-Viability Loss Absorption*):

“Hong Kong Business Day” means a day (other than a Saturday, Sunday and public holiday) on which commercial banks and foreign exchange markets are open for general business in Hong Kong.

“Loss Absorption Effective Date” means the date that will be specified as such in the applicable Non-Viability Event Notice as directed or approved by the Monetary Authority.

“Non-Viability Event” means the earlier of:

- (a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and
- (b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

“Non-Viability Event Notice” means the notice which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Holders, the Trustee and the Paying Agents, in accordance with these Conditions and which shall state:

- (a) in reasonable detail, the nature of the relevant Non-Viability Event;
- (b) the Non-Viability Event Write-off Amount for (i) each Capital Security and (ii) each other Subordinated Capital Security on the Loss Absorption Effective Date in accordance with its terms; and
- (c) specifying the Loss Absorption Effective Date.

The ability to operationally effect any Write-off of any Capital Securities under this Condition 4.3 (Distribution — Non-Viability Loss Absorption) with respect to the clearing and/or settlement of any Capital Securities in or through the relevant clearing system(s) is subject to the availability of procedures to effect any such Write-off in such clearing system(s). However, any Write-off of any Capital Securities with respect to the Issuer under this Condition 4.3 (Distribution — Non-Viability Loss Absorption) will be effective upon the date that the Issuer specifies in the Non- Viability Event Notice notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

Following the receipt of a Non-Viability Event Notice by Euroclear and/or Clearstream and the commencement of the Suspension Period, Euroclear and/or Clearstream shall suspend all clearance and settlement of the Capital Securities. As a result, Holders will not be able to settle the transfer of any Capital Securities from the commencement of the Suspension Period, and any sale or other transfer of the Capital Securities that a Holder may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by Euroclear and/or Clearstream and will not be settled within Euroclear and/or Clearstream. See “Risk Factors — Risk Factors Relating to the Capital Securities— Transfers scheduled to settle through Euroclear and Clearstream (the “ICSDs”) are expected to be rejected if the scheduled settlement is after any suspension by the ICSDs of clearance and settlement of the Capital Securities in connection with a Non-Viability Event Notice or the exercise of the Hong Kong Resolution Authority Power. Furthermore, because of time zone differences and the delay between the time when a Non-Viability Event occurs or the Hong Kong Resolution Authority Power is exercised and when the ICSDs receive and process the Non-Viability Event Notice or the notice that the Hong Kong Resolution Authority Power has been exercised, it is possible that transfers may either (i) fail to settle through the ICSDs even though such transfers were initiated prior to the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument or (ii) are settled through the ICSDs even though such transfers were initiated after the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument” in the Offering Circular for further details.

If a Non-Viability Event Notice has been given in respect of the Capital Securities in accordance with this Condition 4.3 (Distribution — Non-Viability Loss Absorption), transfers of the Capital Securities shall not be permitted during the Suspension Period. From the date on which a Non-Viability Event Notice in respect of the Capital Securities in accordance with this Condition 4.3 (Distribution — Non-Viability Loss Absorption) is provided by the Issuer to the end of the Suspension Period, the Registrar shall not register any attempted transfer of any Capital Securities. As a result, such an attempted transfer of the Capital Securities will not be effective.

“Non-Viability Event Write-off Amount” means the amount of Distribution and/or principal to be Written-off as the Monetary Authority may direct or, in the absence of such a direction, as the Issuer shall (in consultation with the Monetary Authority) determine to be necessary to satisfy the Monetary Authority that the Non-Viability Event will cease to continue. For the avoidance of doubt, (i) the full amount of the Capital Securities will be Written-off in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue; and (ii) in the case of an event falling within paragraph (b) of the definition of Non-Viability Event, the Write-off will be effected in full before any public sector injection of capital or equivalent support. Further, the Non-Viability Event Write-off Amount in respect of each Capital Security will be calculated based on a percentage of the outstanding principal amount of that Capital Security.

“**Subordinated Capital Security**” means any Junior Obligation, Parity Obligation or Tier 2 Capital Security which contains provisions relating to a write-down or conversion into ordinary shares in respect of its outstanding principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

4.4 Hong Kong Resolution Authority Power

Notwithstanding any other term of the Capital Securities, including without limitation Condition 4.3 (*Distribution — Non-Viability Loss Absorption*), or any other agreement or arrangement, each Holder and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Capital Securities being written off, cancelled, converted or modified, or to having the form of the Capital Securities changed in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

- (a) the reduction or cancellation of all or a part of the outstanding principal amount of, or Distributions on, the Capital Securities;
- (b) the conversion of all or a part of the outstanding principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and
- (c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of these Conditions.

With respect to (a), (b) and (c) above of this Condition 4.4 (*Distribution — Hong Kong Resolution Authority Power*), references to principal and Distribution shall include payments of principal and Distribution that have become due and payable (including principal that has become due and payable at the redemption date), but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the Holders and the Trustee under the Capital Securities and these Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

No repayment of the outstanding principal amount of the Capital Securities or payment of Distributions on the Capital Securities shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Capital Securities, the Issuer shall provide a written notice not more than two Hong Kong Business Days after the occurrence of such exercise regarding such exercise of the Hong Kong Resolution Authority Power to the Holders in accordance with Condition 12 (*Notices*).

Neither the reduction or cancellation, in part or in full, of the outstanding principal amount of, or Distributions on the Capital Securities, the conversion thereof into another share, security or obligation of the Issuer or another person, or any other amendment or alteration of these Conditions, or any other modification or change in form of the Capital Securities as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Capital Securities shall constitute an Event of Default under Condition 9.1 (*Events of Default and Winding-Up Proceedings*).

For the purposes of this Condition 4.4 (*Distribution — Hong Kong Resolution Authority Power*):

“**Group**” means the Issuer and its Subsidiaries taken as a whole.

“**Hong Kong Resolution Authority Power**” means any power which may exist from time to time under the Resolution Ordinance or any other laws, regulations, rules or requirements relating to financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised, designated, recognised or licensed to conduct regulated financial activities in Hong Kong in effect and applicable in Hong Kong to the Issuer or other members of the Group (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the Resolution Ordinance) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to the Resolution Ordinance or otherwise), and pursuant to which obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person.

“**relevant Hong Kong Resolution Authority**” means any authority with the ability to exercise a Hong Kong Resolution Authority Power in relation to the Issuer from time to time.

“**Resolution Ordinance**” means the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, as amended or superseded from time to time.

“**Subsidiary**” means any company (i) in which the Issuer holds a majority of the voting rights, (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the Directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

5. Payments

5.1 Payment

Payment of principal and Distribution will be made by transfer in immediately available funds to the registered account of the Holders. Payments of principal and Distribution due on redemption or otherwise than on a Distribution Payment Date will only be made against surrender (or in the case of part payments only, endorsement) of the relevant Certificate at the specified office of any Paying Agent. Distribution on Capital Securities due on a Distribution Payment Date will be paid on the due date for payment thereof to the Holder shown on the Register on the Record Date (as defined in Condition 5.5 (*Payments — Record Date*)) before the relevant Distribution Payment Date without the need for surrender or presentation of the relevant Certificate.

For the purposes of this Condition 5 (*Payments*), a Holder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Record Date (as defined below).

5.2 *Payment on Business Days*

Payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated on the due date, or, if the due date is not a Payment Business Day, on the next succeeding Payment Business Day. A Holder of a Capital Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day. In this paragraph, "**Payment Business Day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London, New York City and Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

5.3 *Partial Payments*

If a Paying Agent makes a partial payment in respect of any Capital Security, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

5.4 *Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Events of Default and Enforcement*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

5.5 *Record Date*

Each payment in respect of a Capital Security will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**").

*So long as the Capital Securities are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

6. Redemption and Purchase

6.1 *No Fixed Redemption Date*

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 6 (*Redemption and Purchase*).

6.2 *Redemption for tax reasons*

Subject to Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), if the Issuer satisfies the Trustee immediately before the giving of such notice that (a) on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having the 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 21 April 2022 and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a “**Withholding Tax Event**”); *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or give effect to such treatment, as the case may be, were a payment in respect of the Capital Securities then due.

Prior to giving any notice of redemption pursuant to this Condition 6.2 (*Redemption and Purchase — Redemption for tax reasons*), the Issuer shall deliver to the Trustee (i) a certificate signed by any one Director of the Issuer stating that the requirement referred to in (a) above of this Condition 6.2 (*Redemption and Purchase — Redemption for tax reasons*) will apply on the next Distribution Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it; and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*); and the Trustee shall be entitled to accept the certificate and the consent as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

Capital Securities redeemed pursuant to this Condition 6.2 (*Redemption and Purchase — Redemption for tax reasons*) will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution — Non-Viability Loss Absorption*).

6.3 *Redemption for tax deduction reasons*

Subject to Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent, and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable, subject to Condition 4.3 (*Distribution — Non-Viability Loss Absorption*), and shall specify the date fixed for redemption), following the occurrence of a Tax Deduction Event.

For the purposes of this Condition 6.3 (*Redemption and Purchase — Redemption for tax deduction reasons*), a “**Tax Deduction Event**” occurs if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) in respect of the Distributions payable on the Capital Securities, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 21 April 2022; and
- (b) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it,

provided that, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would cease to be able to claim a tax deduction in respect of the Distributions payable on the Capital Securities as provided in paragraph (a) above of this Condition 6.3 (*Redemption and Purchase — Redemption for tax deduction reasons*).

Prior to giving any notice of redemption pursuant to this Condition 6.3 (*Redemption and Purchase — Redemption for tax deduction reasons*), the Issuer shall deliver to the Trustee (i) a certificate signed by any one Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that: (1) the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it; and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*) and the Trustee shall be entitled to accept the certificate and the consent as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

Capital Securities redeemed pursuant to this Condition 6.3 (*Redemption and Purchase — Redemption for tax deduction reasons*) will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution — Non-Viability Loss Absorption*).

6.4 Redemption of the Capital Securities for regulatory reasons

Subject to Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) following the occurrence of a Capital Event.

For the purposes of this Condition 6.4 (*Redemption and Purchase — Redemption of the Capital Securities for regulatory reasons*), a “**Capital Event**” occurs if the Issuer satisfies the Trustee immediately before the giving of the notice of redemption referred in this Condition 6.4 (*Redemption and Purchase — Redemption of the Capital Securities for regulatory reasons*) that the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as additional tier 1 capital (or equivalent) of the Issuer, as a result of any change in or amendment to (or any change in the application or official interpretation of) the relevant provisions of the Banking Ordinance (Cap. 155) of Hong Kong, the Capital Regulations, or any successor legislation or regulations made thereunder,

or any supervisory guidance issued by the Monetary Authority in relation thereto, in each case, as amended or modified from time to time (other than as a result of any discounting or amortisation requirements as to the eligibility of the Capital Securities for such inclusion pursuant to the relevant legislation and relevant guidelines in force from time to time), *provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Prior to giving any notice of redemption pursuant to this Condition 6.4 (*Redemption and Purchase — Redemption of the Capital Securities for regulatory reasons*), the Issuer shall deliver to the Trustee (i) a certificate signed by any one Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred; and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*); and the Trustee shall be entitled to accept the certificate and the consent as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

Capital Securities redeemed pursuant to this Condition 6.4 (*Redemption and Purchase — Redemption of the Capital Securities for regulatory reasons*) will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution — Non-Viability Loss Absorption*).

6.5 Redemption at the option of the Issuer (Issuer Call)

Subject to Condition 6.6 (*Redemption and Purchase — Conditions for Redemption and Purchase in respect of the Capital Securities*), the Issuer may, having given:

- (a) not less than 15 nor more than 45 days' notice to the Holders in accordance with Condition 12 (*Notices*); and
- (b) not less than 15 days before the giving of the notice referred to in (a) above of this Condition 6.5 (*Redemption and Purchase — Redemption at the option of the Issuer (Issuer Call)*), notice to the Trustee and the Principal Paying Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities then outstanding in whole, but not in part, on the First Call Date or any Distribution Payment Date thereafter, at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Non-Viability Loss Absorption*).

For the avoidance of doubt, the Issuer does not give any undertaking that it will redeem the Capital Securities at any time.

6.6 Conditions for Redemption and Purchase in respect of the Capital Securities

Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Capital Securities (other than pursuant to Condition 9.1 (*Events of Default and Enforcement — Events of Default and Winding-Up Proceedings*)) and neither the Issuer nor any Restricted Person shall purchase any of the Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such

consent is required under the Banking Ordinance (Cap. 155) of Hong Kong, the Capital Regulations, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto, in each case, as amended or modified from time to time.

For the avoidance of doubt, this provision shall not apply to the Issuer or any Restricted Person holding the Capital Securities in a purely nominee capacity.

For the purposes of these Conditions, “**Restricted Person**” means any affiliate of the Issuer over which the Issuer exercises control or significant influence (excluding any holding company of the Issuer).

7. Taxation

All payments of principal and Distribution in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective amounts of principal and Distribution which would otherwise have been receivable in respect of the Capital Securities in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect to any Capital Security:

- (a) to or to a person on behalf of, a holder who is liable to the Taxes in respect of such Capital Security by reason of his having some connection with Hong Kong other than the mere holding of such Capital Security; or
- (b) in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Business Day.

As used in these Conditions, “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee, as the case may be, on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Holders by the Issuer in accordance with Condition 12 (*Notices*).

8. Prescription

Claims against the Issuer for payment in respect of principal and Distribution on the Capital Securities shall be prescribed and will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of Distribution) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

9. Events of Default and Enforcement

9.1 *Events of Default and Winding-Up Proceedings*

If default is made in the payment of any amount of principal or Distributions in respect of the Capital Securities on the due date for payment thereof and such failure continues for a period of (i) seven days in the case of principal or (ii) 14 days in the case of Distributions after the due date thereof (each, an “**Event of Default**”) then in order to enforce the

obligations of the Issuer, the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) institute a Winding-Up Proceeding against the Issuer. For the avoidance of doubt, no Distribution will be due and payable if such Distribution has been cancelled or is deemed cancelled (in each case, in whole or in part) in accordance with these Conditions. Accordingly, no default in payment under the Capital Securities will have occurred or be deemed to have occurred for the non-payment of any Distribution that has been so cancelled or deemed cancelled.

If an order is made or an effective resolution is passed for the Winding-Up of the Issuer (whether or not an Event of Default has occurred and is continuing) then the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in principal amount of the outstanding Capital Securities or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Capital Securities to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of actual payment, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 4.3 (*Distribution — Non-Viability Loss Absorption*), without further action or formality.

In these Conditions:

“**Winding-Up Proceedings**” shall mean, with respect to the Issuer, proceedings in Hong Kong in respect of the Issuer for the liquidation, winding-up or other similar proceeding of the Issuer.

9.2 Enforcement

- (a) Without prejudice to Condition 9.1 (*Events of Default and Enforcement — Events of Default and Winding-Up Proceedings*), the Trustee may at any time and if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Capital Securities binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or Distributions in respect of the Capital Securities), subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or Distributions in respect of the Capital Securities sooner than the same would otherwise have been payable by it.
- (b) The Trustee shall not be bound to take action as referred to in Conditions 9.1 (*Events of Default and Enforcement — Events of Default and Winding-Up Proceedings*) and 9.2(a) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Holders holding at least 25 per cent. in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution of the Holders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Holder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

- (c) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 9.1 (*Events of Default and Enforcement — Events of Default and Winding-Up Proceedings*) and Conditions 9.2(a) and (b) above or submitting a claim in the Winding-Up of the Issuer will be available to the Trustee or the Holders.
- (d) No Holder shall be entitled either to institute proceedings for the Winding-Up of the Issuer or to submit a claim in such Winding-Up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or submit a claim in the Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

10. Replacement of Capital Securities

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the costs and expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Principal Paying Agent, Registrar, Paying and Transfer Agents

The names of the initial Principal Paying Agent, the initial Registrar, the initial Calculation Agent and the initial Transfer Agents and their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent, Registrar, Calculation Agent or Transfer Agent and/or appoint additional or other Paying Agents, Registrars, Calculation Agents or Transfer Agents and/or approve any change in the specified office through any of the same acts, *provided that*:

- (a) there will at all times be a Principal Paying Agent and a Registrar; and
- (b) so long as the Capital Securities are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any such variation, termination, appointment or change shall have been given to the Holders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

In acting under the Agency Agreement, the Principal Paying Agent, the Paying Agents, the Registrar, the Calculation Agent or the Transfer Agent act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency with, any Holders or any third parties. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. Notices

Notices required to be given to the Holders under these Conditions will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Capital Securities are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or any other clearing system, notices to the Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions and such notice shall be deemed to be given on the date of such delivery.

13. Meetings of Holders, Modifications and Consolidations

13.1 Meetings of Holders

The Trust Deed contains provisions for convening meetings (including meetings held by way of conference calls using a videoconference platform) of Holders to consider matters relating to the Capital Securities, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee, and shall be convened by the Trustee upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the Capital Securities for the time being outstanding or, at any adjourned meeting, one or more persons being or representing a Holder or Holders whatever the principal amount of the Capital Securities held or represented; provided, however, that certain proposals (including any proposal to change any date for payment of principal or Distribution in respect of the Capital Securities, to reduce the amount of principal or Distribution payable on any date in respect of the Capital Securities, to alter the method of calculating the amount of any payment in respect of the Capital Securities or the date for any such payment, to change the currency of payments under the Capital Securities, to amend the subordination or loss absorption provisions in the Trust Deed, or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the Capital Securities for the time being outstanding shall form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, a resolution passed by Electronic Consent (as defined in the Trust Deed) or a resolution in writing signed by or on behalf of Holders of not less than 90 per cent. of the aggregate principal amount of Capital Securities for the time being outstanding and who are entitled to receive notice of a meeting of the Holders of the Capital Securities pursuant to the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

13.2 Modifications and Waivers

The Trustee may (but shall not be obliged to), without the consent of the Holders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which in the sole and absolute opinion of the Trustee will not be materially prejudicial to the interests of Holders and to any modification of the Capital Securities or the Trust Deed which, in the opinion of the Trustee, is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Holders, authorise or waive any proposed breach or breach of the Capital Securities or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the sole and absolute opinion of the Trustee, the interests of the Holders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Holders (in accordance with Condition 12 (*Notices*)) as soon as practicable thereafter.

13.3 Consolidation, Merger and Sale of Assets

The Issuer shall not consolidate with or merge into any other company or entity, and the Issuer may not, directly or indirectly, sell, convey, transfer or lease all or substantially all of its properties and assets to any company or other entity unless:

- (a) the company or other entity formed by or surviving such consolidation or merger or the person, company or other entity which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Issuer shall expressly assume by way of a supplemental trust deed the due and punctual payment of the principal of, and Distribution on, the Capital Securities and the performance of the Capital Securities, the Trust Deed and the Agency Agreement on the part of the Issuer to be performed or observed;
- (b) immediately after giving effect to such transaction, no Event of Default with respect to the Capital Securities, and no event, which after notice or lapse of time, or both, would become an Event of Default with respect to the Capital Securities, shall have happened and be continuing;
- (c) the Issuer has delivered to the Trustee (in form and substance satisfactory to the Trustee) (i) a certificate signed by any one Director of the Issuer and (ii) an opinion of independent legal advisers of recognised standing (acceptable to the Trustee) stating that such consolidation, merger, conveyance, transfer or lease and any such supplemental trust deed comply with this Condition 13.3(c) and that all conditions precedent relating to such transaction have been complied with; and
- (d) immediately after giving effect to such consolidation, amalgamation or merger of the Issuer, no internationally recognised rating agency has in respect of the Capital Securities, issued any notice downgrading its credit rating for such Capital Securities or indicating that it intends to downgrade its credit rating for such Capital Securities, in each case as a result of such consolidation, amalgamation or merger.

13.4 Exercise of Trustee's Powers etc.

In connection with the exercise by it of any of its functions, trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class (but shall not have regard to any interests arising from circumstances particular to individual Holders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other

person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

14. The Trustee and the Trust Deed

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any steps, actions or proceedings unless indemnified and/or provided with security and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit resulting therefrom.

The Trustee shall be entitled to rely without liability to Holders on any certificate signed by any Director or authorised signatory of the Issuer and delivered to it under the Trust Deed and accompanied by an opinion of an independent internationally recognised law firm, whether or not it is addressed to the Trustee. Such certificate or opinion shall, in the absence of manifest error, be conclusive and binding on both parties, and the Trustee shall not be responsible for any loss occasioned by acting or not acting on any such certificate or opinion. The Trustee shall be obliged to accept and be entitled to rely on any certificate or opinion where the Issuer procures the delivery of the same pursuant to its obligations to do so under these Conditions and/or the Trust Deed and such certificate or opinion shall be binding on the Issuer and the Holders in the absence of manifest or proven error.

The Issuer has given certain other undertakings in the Trust Deed for the protection of the Holders.

15. Notification to NDRC

The Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC (the “**NDRC**”) the requisite information and documents within the prescribed timeframe after the Issue Date in accordance with the NDRC Circular and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

The Issuer shall complete the NDRC Post-issue Filing within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the Capital Securities and shall within five Registration Business Days after submission of such NDRC Post-issue Filing provide the Trustee with (i) a certificate in English signed by any one Director confirming the submission of the NDRC Post-issue Filing and (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing. The Trustee shall have no duty to monitor or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing or any translation or certification thereof or to give notice to the Holders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to any Holder or any other persons for any of the foregoing and for not doing so.

For the purposes of this Condition 15 (*Notification to NDRC*):

“**NDRC Circular**” means the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (Fa Gai Wai Zi [2015] No. 2044) (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] No. 2044號)) issued by the NDRC which came into effect on 14 September 2015;

“**PRC**” means the People’s Republic of China (for the purposes of this Condition 15 (*Notification to NDRC*), excludes Hong Kong, the Macau Special Administrative Region and Taiwan); and

“**Registration Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business in Beijing.

16. Governing Law and Submission to Jurisdiction

16.1 Governing law

The Capital Securities and the Trust Deed and any non-contractual obligations arising out of or in connection with the Capital Securities and the Trust Deed are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in each of Condition 2.2 (*Status and Subordination of the Capital Securities — Subordination*) and clause 7.2 (*Ranking of claims in respect of the Securities*) of the Trust Deed shall be governed by, and construed in accordance with, the laws of Hong Kong.

16.2 Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Capital Securities or the Trust Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with the Capital Securities or the Trust Deed) and accordingly any legal action or proceedings arising out of or in connection with the Capital Securities (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts. This submission is made for the benefit of each Holder and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

16.3 Agent for service of process

The Issuer has irrevocably appointed Hackwood Secretaries Limited at its registered office located at One Silk Street, London EC2Y 8HQ to receive service of process in any Proceedings in England. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in England and notify the Holders in accordance with Condition 12 (*Notices*) of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16.4 Waiver of immunity

The Issuer irrevocably and unconditionally with respect to any Proceedings (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Proceedings and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any Proceedings.

17. Rights of Third Parties

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.