

## LISTING BASE PROSPECTUS



### BANK OF CHINA LIMITED

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

### U.S.\$ 2,000,000,000 Structured Notes Programme

This document constitutes a Base Prospectus (the **Listing Base Prospectus**) prepared in relation to the U.S.\$ 2,000,000,000 Structured Notes Programme (the **Programme**) of Bank of China Limited (the **Bank**) acting through its Hong Kong Branch (the **Issuer**). Under the Listing Base Prospectus the Issuer may list on the Budapest Stock Exchange the EUR 8,500,000 notes linked to 4.85% CNY Notes due July 2020 issued by Hungary (Code:091720001) issued under the Programme (ISIN: XS1648071006) (the **EUR Notes**) and the USD 15,000,000 notes linked to 4.85% CNY Notes due July 2020 issued by Hungary (Code:091720001) issued under the Programme (ISIN: XS1648070966) (the **USD Notes**) (the EUR Notes and the USD notes are together the **Notes**) and this Listing Base Prospectus constitutes a Base Prospectus with respect to such Notes for the purposes of Directive 2003/71/EC of The European Parliament and of The Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the **Prospectus Directive**) and Commission regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the **Prospectus Regulation**).

**THIS LISTING BASE PROSPECTUS HAS BEEN PREPARED SOLELY IN RELATION TO THE ADMISSION TO TRADING ON THE REGULATED MARKET OF THE BUDAPEST STOCK EXCHANGE OF THE NOTES WHICH HAVE BEEN ISSUED UNDER THE PROGRAMME AND HAVE A DENOMINATION PER UNIT OF AT LEAST EUR 1,000. THIS LISTING BASE PROSPECTUS MAY NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF DOCUMENTING THE ISSUE OR PUBLIC OFFERING OF OTHER NOTES WHETHER ISSUED UNDER THE PROGRAMME OR NOT, OR THE ADMISSION TO TRADING OF ANY SECURITIES WHICH WERE NOT ISSUED UNDER THE PROGRAMME.**

**Investing in the Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Listing Base Prospectus and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the ability of the Issuer to fulfil its**

obligations in respect of the Notes are discussed under "*Risk Factors*" below. In accordance with section 29(1) of Act CXX of 2001 on the Capital Markets (the Capital Markets Act), only the Issuer accepts responsibility for the information contained in this Listing Base Prospectus. In addition, due to the fact that the Bank carries out banking activities, the amount of the Bank's total debt obligations exceeds 11 times the amount of the Bank's own equity based on the information set out in the Bank's 2017 consolidated report. Therefore, the Notes qualify under section 38(4)(a) of the Capital Markets Act as securities with an enhanced risk element (in Hungarian: *fokozottan kockázatos értékpapírok*).

Application will be made to the Budapest Stock Exchange (BSE) for the Notes to be listed on the BSE's regulated market, which is a regulated market for the purposes of MiFID II (Directive 2014/65/EC). References in this Listing Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been listed on the BSE's regulated market.

This Listing Base Prospectus has been approved by the National Bank of Hungary as supervisory authority on 27 August 2018 in its resolution No. H-KE-III-406/2018.

The Offering Circular (the **Offering Circular**) of the Programme does not constitute a Base Prospectus for the purposes of the Prospectus Directive and the Prospectus Regulation.

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and certain other information which is applicable to each tranche of the Notes will be set out in a final terms document (the **Final Terms**) which will, to the extent required under the Capital Markets Act, be filed with the National Bank of Hungary.

The long term debt of the Bank is rated A1 by Moody's Investors Service, Inc. (**Moody's**), A by Fitch, Inc. (**Fitch**) and A by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (**Standard & Poor's**). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

**Bank of China**

as **Arranger and Dealer**

The date of this Listing Base Prospectus is 14 August 2018

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## SUMMARY OF THE LISTING BASE PROSPECTUS

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the Summary because of the type of Notes and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of “not applicable”.

### Section A – Introduction and warnings

Element	Title	
A.1	Warning that the Summary should be read as an introduction and provision as to claims	<p><b>This summary should be read as an introduction to the Listing Base Prospectus and the applicable Final Terms.</b></p> <p><b>Any decision to invest in any Notes should be based on a consideration of this Listing Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms.</b></p> <p><b>Where a claim relating to information contained in the Listing Base Prospectus and the applicable Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Listing Base Prospectus and the applicable Final Terms before the legal proceedings are initiated.</b></p> <p><b>No civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Listing Base Prospectus and the applicable Final Terms or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of this Listing Base Prospectus and the applicable Final Terms, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Notes.</b></p>
A.2	Consent as to the use of the Listing Base Prospectus, period of validity and other conditions attached	Not applicable.

## Section B – Issuer

Element	Title	
<b>B.1</b>	Legal and commercial name of the Issuer	Bank of China Limited (the <b>Bank</b> ), acting through its Hong Kong Branch (the <b>Issuer</b> ).
<b>B.2</b>	Domicile/ legal form/ legislation/ country of incorporation	<p>The Hong Kong Branch of Bank of China Limited is a licensed bank in Hong Kong, with its registered office at Bank of China Tower, 1 Garden Road, Central, Hong Kong.</p> <p>The Bank set up its branch in Hong Kong in 1917. After Bank of China (Hong Kong) Limited became listed on the Hong Kong Stock Exchange in 2002, the Hong Kong branch of the Bank kept a full banking license and became an authorised institution under the laws and regulations of Hong Kong.</p> <p>The Issuer is an overseas branch and is an integral part of the Bank. Under Hong Kong and PRC law the Issuer and the Bank are the same legal entity and obligations of the Issuer shall be considered as obligations of the Bank.</p>
<b>B.3 and B.4a</b>		Not applicable.
<b>B.4b</b>	Trend information	There are no known trends affecting the Issuer and the industries in which it operates.
<b>B.5</b>	Description of the Group	<p>The Group consists of the Bank and its subsidiaries taken as a whole (the <b>Group</b>).</p> <p>Bank of China was formally established in February 1912 following the approval of Dr. Sun Yat-sen. In 2016, Bank of China was again designated as a Global Systemically Important Bank, thus becoming the sole financial institution from emerging economies to be designated as a Global Systemically Important Bank for six consecutive years.</p> <p>As China’s most internationalised and diversified bank, Bank of China provides a comprehensive range of financial services to customers across the Chinese mainland as well as 51 countries and regions. The Bank’s core business is commercial banking, including corporate banking, personal banking and financial markets services.</p> <p>The Bank set up its branch in Hong Kong in 1917. After Bank of China (Hong Kong) Limited became listed on the Hong Kong Stock Exchange in 2002, the Hong Kong branch of the Bank kept a full banking license and became an authorised institution under the laws and regulations of Hong Kong. Bank of China Limited, Hong Kong Branch is positioned to be the offshore investment and financing platform for the Group, with a strategic goal to become the Group’s offshore platform to provide comprehensive global financial market services.</p>
<b>B.6, B.7 and B.8</b>		Not applicable.

Element	Title	
B.9	Profit forecast or estimate	Not applicable.
B.10	Audit report qualifications	Not applicable. - No qualifications are contained in any audit reports incorporated by reference in the Listing Base Prospectus.
B.11		Not applicable.
B.12	Selected historical key financial information	Note: The financial information in this report has been prepared in accordance with IFRS. The data are presented in RMB and reflect amounts related to the Group, unless otherwise noted. (Unit: RMB million)

	2018 Q1 (unaudited)	2017 Q1 (unaudited)	2017	2016	2015	2014
Net interest income	86,051	78,608	338,389	306,048	328,650	321,102
Non-interest income	40,035	50,915	145,372	179,608	145,262	135,226
Profit attributable to equity holders of the Bank	49,001	46,649	172,407	164,578	170,845	169,595
Return on average equity (%)	13.92	13.74	12.24	12.58	14.53	17.28
Capital adequacy ratio (%)	13.87	13.77	14.19	14.28	14.06	13.87

Statements of no significant or material adverse change

There has been no significant change in the financial or trading position of the Group since 31 December 2017 (being the end of the last financial period for which audited financial statements have been published). There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2017 (being the end of the last financial period for which audited financial statements have been published).

B.13	Events impacting the Issuer's solvency	As at the date of this Listing Base Prospectus and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 31 December 2017.
B.14	Dependence upon other group entities	The Issuer is dependent on Central Huijin Investment Ltd. as the majority shareholder of the Bank.
B.15	Principal activities	The Hong Kong Branch of Bank of China Limited is positioned to be the offshore investment and financing platform for the Group, with a strategic

Element	Title	
		<p>goal to become the Group's offshore platform to provide comprehensive global financial market services.</p> <p>The Hong Kong Branch of Bank of China Limited is a licensed bank in Hong Kong, and is currently focussed on the development of its wholesale banking business. A broad range of financial services are offered by the Hong Kong Branch of Bank of China Limited to serve clients' specific needs, including financing and lending services, bond investment and bond underwriting and subscription etc.</p> <p>In addition, the Bank is an institution registered with the Securities and Futures Commission and may conduct the following regulated activities: (1) dealing in securities, (2) advising on securities, (3) advising on corporate finance and (4) asset management.</p>
<b>B.16</b>	Controlling shareholders	Central Huijin Investment Ltd. The percentage of total issued ordinary share capital owned by Central Huijin Investment Ltd is 64.63% as of 31 December 2017.
<b>B.17</b>	Solicited credit ratings	<p>The long term debt of the Bank is rated A1 by Moody's, A by Fitch and A by Standard &amp; Poor's.</p> <p>The Notes are unrated.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.</p>
<b>B.18 to B.50</b>		Not applicable.

### Section C – Securities

Element	Title	
<b>C.1</b>	Type and class of Notes/ISIN	The Notes are Registered Notes. The respective International Securities Identification Number of the Notes will be specified in the respective Final Terms.
<b>C.2</b>	Currency	Notes may be denominated in any currency or currencies, agreed between the Issuer and the relevant Dealer(s) subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
<b>C.3 and C.4</b>		Not applicable.
<b>C.5</b>	Restrictions on transferability	There are certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America, the European Economic Area, the Netherlands, the United Kingdom, the PRC, Hong Kong, Macau, Japan, and Singapore.

Element	Title	
		<p>In connection with the offering and sale of the Notes, additional restrictions may be imposed which will be set out in the applicable Final Terms.</p> <p>There are restrictions on the transfer of the Notes sold pursuant to Category 2 of Regulation S prior to the expiration of the relevant distribution compliance period. In addition, (i) U.S. persons and persons located in the United States (within the meaning of Regulation S); or (ii) affiliates of the Issuer or any person acting on behalf of such an affiliate, may not be eligible to purchase the Notes or become the beneficial owner of the Notes.</p>
C.6 and C.7		Not applicable.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p>The Notes will have terms and conditions relating to, among other matters:</p> <p><b>Status</b></p> <p>The Notes constitute direct, unsubordinated, unconditional, and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in the Conditions (save for statutorily preferred exceptions).</p> <p><b>Events of default</b></p> <p>The terms of the Notes will contain events of default including non-payment, non-performance or non-observance of the Issuer's obligations in respect of the Notes and the insolvency or winding up of the Issuer.</p> <p><b>Meetings</b></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b>Governing law</b></p> <p>English law, unless specified otherwise in the Final Terms.</p>
C.9	Interest/Redemption	<p><b>Interest</b></p> <p>The Notes are non-interest bearing. All relevant information will be set out in the relevant Final Terms.</p> <p><b>Redemption</b></p> <p>The terms under which Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) are set out in the applicable</p>



Element	Title	
		<p>Final Terms.</p> <p>The applicable Final Terms may specify the date of redemption of the Notes (or that the Notes may be redeemed at such other time or on such event as specified in the applicable Final Terms) and the amount payable on redemption, which is linked to the performance of one or more Reference Assets.</p> <p>The Notes may also be redeemed earlier than the scheduled maturity date following the occurrence of certain events in accordance with the General Conditions, Underlying Asset Conditions and/or as specified in the applicable Final Terms.</p> <p><b><i>Indication of Yield</i></b></p> <p>Not applicable. - Due to the nature of the Notes it is not possible to determine the yield as of the Issue Date.</p> <p><b><i>Representative of holders</i></b></p> <p>Not Applicable. – No representative of the Noteholders has been appointed by the Issuer.</p> <p>Please also refer to item C.8 above for rights attaching to the Notes.</p>
C.10	Investment affected by the value of the underlying instruments	<p>The redemption amount, early redemption amount and any other amounts payable under the Notes may be calculated by reference to:</p> <p>(a) the amounts payable under a bond and/or a formula specified in the applicable Final Terms; and</p> <p>(b) the amounts payable under a cross currency swap and/or a formula specified in the applicable Final Terms; or</p> <p>(c) a combination, variation or derivative of any of the foregoing, which is specified in the applicable Final Terms.</p> <p>On the occurrence of certain events, and subject to the Underlying Asset Conditions, the Issuer may replace, substitute or amend a Reference Asset and the Calculation Agent may make changes to the terms of the Notes and/or adjustments as described in the Underlying Asset Conditions and may lead to the Notes being redeemed early.</p>
C.11	Application for admission to trading, distribution in a regulated market or other equivalent markets	Application will be made for the Notes to be listed on the Budapest Stock Exchange.
C.12	Minimum denomination of the Notes	The Notes are issued in denominations of equal to at least EUR 1,000.

<b>Element</b>	<b>Title</b>	
<b>C.13 and 14</b>		Not applicable.
<b>C.15</b>	The value of investment affected by the value of the underlying instruments	Depending on the type of underlying asset(s), the factors that affect the value of the Notes include but are not limited to: <ol style="list-style-type: none"> <li>1.) the creditworthiness of the Reference Entity of the underlying asset(s);</li> <li>2.) interest and yield rates in the market generally as well as in the markets of the underlying asset(s);</li> <li>3.) economic, financial, political, regulatory and judicial events that affect the underlying asset or, if applicable its Reference Entity.</li> </ol>
<b>C.16</b>	Expiration/maturity date – the exercise date/final reference date	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>C.17</b>	Description of the settlement procedure	The settlement of the Notes will involve KELER Ltd., SIX SIS Ltd., Clearstream, Luxembourg and Euroclear. Note investors invest in the Notes through the Dealer which acts in between the investors and the Issuer. On the Issue Date, the Dealer received the settlement amount from investors and underwent DVP settlement with HSBC, the note issuing agent. The issuing agent then remitted the note sale proceeds to the Issuer.
<b>C.18</b>	Description of the return on the Notes	Note investors shall receive Distribution amount from the Note equals to the hedged after fees amount based on the amount of coupon (or the principal on Maturity) the Issuer actually receive from the Reference Asset (after deducting applicable taxes).
<b>C.19</b>	Exercise price/final reference price of the underlying instrument	As specified in the applicable Final Terms.
<b>C.20</b>	Type of underlying instrument. Information on the underlying instrument.	The underlying instruments will be specified in the relevant Final Terms.
<b>C.21</b>	Listing and Admission to trading	The Notes will be listed and admitted to trading on the Budapest Stock Exchange.
<b>C.22</b>		Not applicable.

## **Section D – Risks**

Element	Title	
D.1		Not applicable.
D.2	Key risks regarding the Issuer	<p data-bbox="730 333 1447 696">In accordance with section 29(1) of the Capital Markets Act, only the Issuer accepts responsibility for the information contained in this Listing Base Prospectus. In addition, due to the fact that the Bank carries out banking activities, the amount of the Bank's total debt obligations exceeds 11 times the amount of the Bank's own equity based on the information set out in the Bank's 2017 consolidated report. Therefore, the Notes qualify under section 38(4)(a) of the Capital Markets Act as securities with an enhanced risk element (in Hungarian: <i>fokozottan kockázatos értékpapírok</i>).</p> <p data-bbox="730 719 1447 779">There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes:</p> <ul data-bbox="780 819 1447 2045" style="list-style-type: none"> <li data-bbox="780 819 1447 949">• Uncertainties and instability in global economic and market conditions could adversely affect the Group's business, financial condition and results of operations</li> <li data-bbox="780 990 1447 1120">• The Group's business is affected by the PRC's economic, political and social conditions and the prospects of the industries in which its loans are concentrated</li> <li data-bbox="780 1160 1447 1220">• Interpretation and implementation of the PRC laws and regulations may involve uncertainties</li> <li data-bbox="780 1261 1447 1429">• Any force majeure events, including future occurrence of natural disasters or outbreaks of contagious diseases in the PRC, may have an adverse effect on the Group's business operations, financial condition and results of operations</li> <li data-bbox="780 1469 1447 1570">• The PRC banking regulatory regime is continually evolving and the Group is subject to future regulatory changes</li> <li data-bbox="780 1610 1447 1809">• The increasingly competitive nature of the PRC banking industry, as well as competition for funds which may arise from the development of the PRC capital markets, could adversely affect the Group's business, financial condition, results of operations and prospects</li> <li data-bbox="780 1850 1447 2045">• The PRC regulations impose limitations on the types of investments the Group may make and, as a result, the Group has limited ability to seek optimal investment returns to diversify its investment portfolio and to hedge the risks of its Renminbi-denominated assets</li> </ul>

Element	Title
	<ul style="list-style-type: none"> <li>• The effectiveness of the Group's credit risk management is affected by the quality and scope of information available in the PRC</li> <li>• The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a satisfactory loan to deposit ratio and capital adequacy ratios</li> <li>• Basel III and related reforms could have an adverse effect on the Bank's business</li> <li>• If the Group is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of its loans, its financial condition and results of operations may be adversely affected</li> <li>• The formal implementation of the deposit insurance scheme may adversely affect the Group's deposit-taking business and financial position</li> <li>• Any deficiencies in the Group's risk management and internal control system may adversely affect the Group's financial condition and results of operations</li> <li>• The Group is subject to credit and liquidity risks with respect to certain off-balance sheet commitments</li> <li>• The Group is subject to the supervision and inspection of regulators in jurisdictions where it operates</li> <li>• The Group may be subject to sanctions if it conducts transactions in violation of the relevant sanctions regulations, which could adversely affect your investment in the Notes</li> <li>• The Group is subject to risks associated with its derivative transactions and investment securities</li> <li>• The Group's liquidity may be adversely affected if it fails to maintain its deposit growth or if there is a significant decrease in its deposits</li> <li>• The Group may not be able to detect money laundering and other illegal or improper activities, which could expose it to additional liability and harm its business</li> </ul>

Element	Title
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- There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Listing Base Prospectus with respect to the Bank, the Group, the PRC, its economy or its banking industry

**D.3** Key risks regarding the Notes

In addition to the risks relating to the Issuer (including the default risk) that may affect the Issuer’s ability to fulfil its obligations under the Notes, there are certain factors which are material for the purposes of assessing the market risks associated with the Notes.

*The Notes are structured products which will typically include embedded derivatives, and investors must understand their terms including the potential risk of loss of investment and the relation to the performance of the Reference Asset(s) before investing:* No person should invest in the Notes unless that person understands the terms and conditions of the Notes and, in particular, the extent of the exposure to potential loss, together with the characteristics and risks inherent in any relevant Reference Assets(s) and the Issuer. Investors should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in the light of their particular financial circumstances and investment objectives and risk profile, all information set forth or incorporated by reference herein and in any supplements hereto, the information regarding the relevant Notes set out in the relevant Final Terms and any particular Reference Asset(s) to which the value of the relevant Notes may relate. Investors in the Notes should consult their own legal, tax, accountancy, regulatory, investment or other professional advisers to assist them in determining the suitability of the Notes for them as an investment or if they are in any doubt about the contents of this Listing Base Prospectus or the Final Terms.

*Investors in the Notes may lose up to the entire value of their investment:* Depending on the particular payout terms of the Notes as set forth in the applicable Final Terms, the Notes may not provide for full repayment of principal or initial purchase price at maturity and therefore investors in such Notes may lose some or all of their capital on maturity, depending on the performance of the Reference Asset(s). Even if the relevant Notes do provide for full (or at least partial) repayment of principal or initial purchase price at maturity, the investor is exposed to the credit risk of the Issuer and will lose up to the entire value of their investment if the Issuer becomes insolvent, goes bankrupt or is otherwise unable to fulfil the payment or other obligations under the Notes. **Investors may also lose some or all of their investment if (i) the Notes are not held to**

Element	Title	
		<p>maturity by the investor, or (ii) are redeemed early, or (iii) the terms of the Notes are adjusted in a materially adverse way (in accordance with the terms and conditions of the Notes).</p> <p><i>Holders of the Notes have no rights in relation to the underlying Reference Asset(s):</i> The obligations of the Issuer are not secured and investors in the Notes do not have any rights in respect of any Reference Assets referenced by such Notes.</p> <p><i>An active trading market for the Notes is not likely to develop:</i> Notes may have no liquidity or the market for such Notes may be limited and this may adversely impact their value or the ability of an investor in the Notes to dispose of them.</p> <p><i>Investors in the Notes are exposed to the performance of the relevant Reference Assets:</i> Investors in the Notes must clearly understand (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the nature of the Reference Assets and how the performance thereof may affect the pay-out and value of the Notes. The past performance of a Reference Asset is not indicative of future performance. Actual results will be different, and such differences may be material. Postponement or alternative provisions for the valuation of Reference Assets may have an adverse effect on the value of the Notes. There are significant risks in investing in Notes which reference one or more emerging market Reference Asset(s). There is generally foreign exchange currency exposure in respect of Notes which provide payment to be made in a currency which is different from the currency of the Reference Asset(s).</p> <p>(See also Element C.8 above).</p>
D.4 to D.5		Not applicable.
D.6	Risk warning	<p>See Element D.3 above.</p> <p>In the event of the insolvency of the Issuer or if it is otherwise unable or unwilling to repay the Notes when repayment falls due, an investor may lose all or part of his investment in the Notes.</p>

#### Section E – Offer

Element	Title	
E.1 to E.3		Not applicable.
E.2b	Reasons for the offer and use of proceeds	The net proceeds from the Notes will be used by the Issuer for general corporate purposes.

<b>Element</b>	<b>Title</b>	
<b>E.3</b>	Terms and conditions of the offer	The terms and conditions of the Notes issued under the Programme will consist of (i) the General Conditions, (ii) the Payout Conditions and (iii) the Underlying Asset Conditions (each as defined and set out in the Listing Base Prospectus), as supplemented, amended, made applicable or replaced by the relevant Final Terms. Notes issued in global form will be further subject to the terms and conditions of the applicable Global Note or Global Note Certificate.
<b>E.4</b>	Interest of natural and legal persons involved in the issue/offer	The Arranger, Dealer, the Trustee or any Agents may be paid fees in relation to the listing of the Notes under the Programme. Any such Arranger, Dealer, Trustee or Agents and their affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and their affiliates in the ordinary course of business.
<b>E.5 and E.6</b>		Not applicable.
<b>E.7</b>	Expenses charged to the investor by the Issuer or an Offeror	It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes under the Programme.

## RISK FACTORS

*An investment in Notes involves substantial risks and is a riskier investment than an investment in ordinary debt or equity securities. Also, your Notes are not equivalent to investing directly in the underlying reference asset(s) (the "**Reference Asset(s)**") (if any).*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of the Notes and are material for the purpose of assessing the market risks and other risks associated with the Notes. All of these factors are contingencies which may or may not occur and the Issuer expresses no view on the likelihood of any such contingency occurring.*

*Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or which the Issuer currently deems to be immaterial, may affect the Group's business, financial condition or results of operations or the Issuer's ability to fulfil its obligations under the Notes.*

**In accordance with section 29(1) of the Capital Markets Act, only the Issuer accepts responsibility for the information contained in this Listing Base Prospectus. In addition, due to the fact that the Bank carries out banking activities, the amount of the Bank's total debt obligations exceeds 11 times the amount of the Bank's own equity based on the information set out in the Bank's 2017 consolidated report. Therefore, the Notes qualify under section 38(4)(a) of the Capital Markets Act as securities with an enhanced risk element (in Hungarian: *fokozottan kockázatos értékpapírok*).**

### **A. RISKS RELATING TO THE BANK**

The Notes are subject to the credit risk of the Bank, and changes in its credit ratings and credit spreads may adversely affect the market value of the Notes. Investors are dependent on the Bank's ability to pay all amounts due on the Notes, and therefore investors are subject to the credit risk of the Bank and to changes in the market's view of the creditworthiness of the Bank. Any decline in such credit ratings or increase in the credit spreads charged by the market for taking credit risk on the Bank is likely to adversely affect the value of the Notes. If the Bank were to default on its payment or other obligations, you may not receive any amounts owed to you under the Notes and could lose up to your entire investment.

Risk Factors 1-4 set out some of the risks that may affect the credit risk of the Bank and the Bank's ability to fulfil its obligations under the Notes.

#### **1. Risks relating to the Global Economy**

##### **1.1 *Uncertainties and instability in global economic and market conditions could adversely affect the Group's business, financial condition and results of operations***

In 2008, the global financial markets experienced significant turbulence, as a result of the liquidity destruction in the U.S. credit and subprime mortgage markets since the second half of 2007. This event and other relevant events, such as the collapse of a number of financial institutions, led to the slowdown in economic growth in the United States, other countries and regions, the significant volatility across global financial markets, the fluctuations in foreign currency exchange rates and the liquidity fluctuations and crunch in global financial markets. The effects of this global financial crisis have also affected macro-economic conditions in China.

Currently, conditions of the global economy remain weak. In addition, a sovereign debt crisis has emerged in Europe due to serious concerns over the abilities of certain European Union ("EU") member countries such as Greece to repay their sovereign debt, leading to further uncertainty for the global economy and financial markets. The continuing slowdown of the global economy and



increasing uncertainties in financial markets could adversely affect the Group's financial condition and results of operations in many ways, including, among other things:

- during a period of economic slowdown, there is a greater likelihood that more of the Group's customers or counterparties might default on their loan repayments or other obligations to the Group, which, in turn, could result in the Group recording a higher level of non-performing loans ("NPLs"), allowance for impairment losses and write-offs;
- the increased regulation and supervision of the financial services industry, including the proposed implementation of new capital adequacy requirements under Basel III, may restrict the Group's business flexibility and increase its compliance and operating costs;
- the value of the Group's investments in debt securities issued by overseas governments and financial institutions may significantly decrease;
- the Group's ability to raise additional capital on favourable terms, or at all, could be adversely affected; and
- trade and capital flow may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect the Group's business prospects.

The Bank cannot assure the investors that the various fiscal measures, monetary policies and other measures and policies adopted by the PRC government will be effective in maintaining a sustainable growth in China's economy. If further economic slowdown occurs, the businesses, results of operations and financial condition of the Bank might be materially and adversely affected.

Please see also "*Risk Factors - Risks relating to the Group's Business*" below and "*Risk Factors - Risks relating to the Group's Business - The Group is subject to risks associated with its derivative transactions and investment securities*" below for further details.

## 2. **Risks relating to the PRC**

### 2.1 ***The Group's business is affected by the PRC's economic, political and social conditions and the prospects of the industries in which its loans are concentrated***

A significant majority of the Group's businesses, assets and operations are located in the PRC. Accordingly, its financial condition, results of operations and business prospects are, to a significant degree, subject to the economic, political, legal and social developments in the PRC.

The PRC economy was an economy affected greatly by government policies. In recent years, the PRC government has carried out broad reform of the PRC's financial markets, including recent reforms following the Third Plenum of the 18th Communist Party of China Central Committee in November 2013. If the Group is unable to adjust its operations in accordance with the reforms, its financial condition and results of operations could be adversely affected.

The PRC Government has relatively strong ability to implement macroeconomic control measures. The PRC's gross domestic product ("GDP") growth maintained its rapid pace for years before the global financial crisis in 2008. In response to the impact on the Chinese economy from the global financial crisis, the PRC Government implemented a series of economic incentive measures and relatively loose monetary policies since the second half of 2008, including a RMB4 trillion economic stimulus package and lowering the deposit reserve rate. These measures helped lead China's economy out of crisis and promote global economic recovery, but they also accelerated the increase in real estate prices, led to excess production capacity, and exacerbated problems of local government debt increase.

Since 2010, the PRC Government has promoted the development of China's economic transformation by controlling scale of local government financing vehicles ("LGFVs"), increasing the deposit reserve ratio, limiting excess production capacity across industrial sectors and strengthening real estate regulations. These measures could have a significant impact on the Group's business, financial condition, results of operations and asset quality.

Since 2014, China's economy has been facing downward pressure due to the sluggish foreign demand, excess production capacity and adjustments in real estate market. Since April 2014, the PRC government has introduced a series of 'steady growth' measures, such as expansion of the railway and security housing investment, tax relief for SMEs and targeted reserve ratio cut in order to relieve the downward pressure. As the effect of these measures gradually reveals and the external economy improves recently, industrial production, manufacturing purchasing managers index, electricity generation and other economic and financial indicators show that the economy has improved. As China's economy is reversing to moderate-to-high growth from the current super-speed growth, the Group's business, financial condition and results of operations may be materially and adversely affected.

## **2.2 *Interpretation and implementation of the PRC laws and regulations may involve uncertainties***

The Bank is incorporated and exists under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with legal relations in respect of such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, especially with respect to the PRC banking regulatory regime, these laws and regulations may be subject to different interpretations and inconsistently enforced. In addition, there is only a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value. Furthermore, laws and regulations in connection with the Shanghai pilot Free Trade Zone ("FTZ") are relatively new, and the interpretation and enforcement of these laws and regulations involve significant uncertainties. Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the relevant executive authorities. These uncertainties relating to the interpretation and implementation of the PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holder of the Notes.

## **2.3 *Any force majeure events, including future occurrence of natural disasters or outbreaks of contagious diseases in the PRC, may have an adverse effect on the Group's business operations, financial condition and results of operations***

Any future natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, Ebola, severe acute respiratory syndrome (SARS), swine flu caused by H1N1 virus, H1N1 Flu or Middle East respiratory syndrome (MERS), may adversely affect the Group's business, financial condition and results of operations. Possible force majeure events may give rise to additional costs to be borne by the Group and have adverse effects on the quality of its assets, business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business. Moreover, the PRC has experienced natural disasters like earthquakes, floods and drought in the past few years. For example, in May 2008 and April 2010, the PRC experienced earthquakes with reported magnitudes of 8.0 and 7.1 on the Richter scale in Sichuan and Qinghai provinces respectively, resulting in the death of tens of thousands of people. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Group's business. There can be no guarantee that any future occurrence of natural disasters or outbreak of avian influenza, SARS, H1N1 Flu, MERS or other epidemics, or the measures taken by the PRC Government or other countries in response to a future outbreak of avian influenza, SARS, H1N1 Flu, MERS or other epidemics, will not seriously

interrupt the Group's operations or those of its customers, which may have an adverse effect on its business, financial condition and results of operations.

### 3. Risks relating to the PRC Banking Industry

#### 3.1 *The PRC banking regulatory regime is continually evolving and the Group is subject to future regulatory changes*

The Group operates in a highly regulated industry and is subject to laws and regulations governing all aspects of its operations. The principal banking-related statutes and regulations are the Commercial Banking Law and the Law of PRC on Supervision and Administration of Banking Sector and the related implementation rules. The principal regulators of the PRC banking industry are the Financing Stability and Development Commission of the State Council (国务院金融稳定发展委员会) ("FSDC") and China Banking Regulatory Commission ("CBRC"), PBOC and SAFE.

The PRC banking regulatory regime has been evolving continuously. Changes in the rules and regulations as well as their interpretations may result in additional costs or restrictions on the Group's operations and activities. For example, PBOC exercises significant influence over monetary policies. In addition, in July 2017, the fifth National Financing Working Meeting of the PRC determines the establishment of the FSDC to strengthening macro-prudential management and systematic risk prevention responsibility of the PBOC.

In addition, the Group may be required to increase deposit reserves in response to future potential changes in FSDC and / or PBOC rules, regulations and policies. The Group may be required to take additional steps to adapt to future changes on a timely basis.

The Group's business and operations are directly affected by changes in the FSDC and / or PRC's policies, laws and regulations relating to the banking industry, such as those affecting the extent to which it can engage in specific businesses, as well as changes in other governmental policies. There can be no assurance that the policies, laws and regulations governing the banking industry will not change in the future or that any changes will not materially and adversely affect the Group's business, financial condition and results of operations nor can there be any assurance that the Group will be able to adapt to any changes on a timely basis. For instance, changes in the financial regulatory policies may have a material impact on the operational and financial results of the Bank, while adjustment in the monetary policies and the regulatory methods will have a direct impact on the business activities of the Bank. The Group's business operations will be adversely affected if the Bank is unable to make proper adjustment to its business operations according to the trend of change in the financial regulatory policies and monetary policies. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws and regulations, which may result in penalties and restrictions on the Group's activities and could also have a significant impact on its business.

#### 3.2 *The increasingly competitive nature of the PRC banking industry, as well as competition for funds which may arise from the development of the PRC capital markets, could adversely affect the Group's business, financial condition, results of operations and prospects*

The PRC banking industry is becoming increasingly competitive. The Group faces competition from domestic and foreign-invested banks and financial institutions. In addition, the Mainland and Hong Kong Closer Economic Partnership Arrangement, which allows Hong Kong banks to operate in the PRC, may also increase competition in the PRC banking industry. These banks and financial institutions compete with the Group for substantially the same loan, deposit and fee customers. Moreover, the PRC Government has, in recent years, implemented a series of measures designed to further liberalise the banking industry, including those relating to interest rates and fee-and-commission based products and services, which are changing the basis on which the Group competes with other banks for customers. Competition in the PRC banking industry may be further aggravated

by internet finance and the participation of private capital in the banking businesses. The increased competition may:

- reduce the Group's market share in its principal products and services;
- reduce the growth of the Group's loan portfolio or deposit base and other products and services;
- reduce the Group's interest income, increase the interest expenses and decrease its net interest margin;
- reduce the Group's fees and commission income;
- increase the Group's outgoings and expenses, such as marketing and administrative expenses;
- lead to a deterioration of the Group's asset quality; and
- increase the turnover of and competition for senior management and qualified professional personnel.

The Group may not always be able to maintain its competitive advantage in all the business areas in which it currently operates or will in the future operate. The Group may also face competition for funds from other forms of investment alternatives as the PRC capital market continues to develop. For example, the PRC capital market is becoming a more viable and attractive investment alternative and the Group's deposit customers may elect to transfer their funds into bonds, equities, investment funds and other capital market instruments, which may reduce its deposit base and adversely affect its business, financial condition and results of operations.

**3.3 *The PRC regulations impose limitations on the types of investments the Group may make and, as a result, the Group has limited ability to seek optimal investment returns to diversify its investment portfolio and to hedge the risks of its Renminbi-denominated assets***

The PRC Government has imposed limitations on what a commercial bank may invest in. These permitted investments by issuers mainly include debt securities of:

- the government;
- public sector and quasi-government;
- policy banks;
- financial institutions; and
- corporates.

These investment restrictions limit the Group's ability to seek optimal returns on its investments. The restrictions may also expose the Group to significantly greater risk of investment loss in the event that a particular type of investment it holds suffers a decrease in value. In addition, due to the limited hedging tools available to it, the Group's ability to manage market and credit risks relating to its Renminbi denominated assets is limited and any resulting decline in the value of its Renminbi-denominated assets may materially and adversely affect its business, financial condition and results of operations.

**3.4 *The effectiveness of the Group's credit risk management is affected by the quality and scope of information available in the PRC***

National credit information databases developed by PBOC have been in operation since January 2006. However, as the information infrastructure in the PRC is still under development and there remains limitations on the availability of information, national credit information databases are generally under-developed and are not able to provide complete credit information on many of the Group's credit applicants. Until the PRC has further developed and fully implemented its nationwide unified credit information database on corporate borrowers, the Group has to rely on other publicly available resources and its internal resources to supplement what is currently available on the nationwide unified credit information database for enterprises. These sources of data and information are not sufficiently complete or effective for the robust credit risk management system that the Group attempts to build. Therefore, there can be no assurance that the Group's assessment of the credit risks associated with any particular customer is based on complete, accurate and reliable information, which materially and adversely affects the Group's ability to effectively manage its credit risk.

**3.5 *The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a satisfactory loan to deposit ratio and capital adequacy ratios***

The Group is subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities. CBRC requires all commercial banks in the PRC to maintain certain financial ratios throughout its operations.

In recent years, CBRC has issued several regulations and guidelines governing capital adequacy requirements applicable to commercial banks in the PRC. In April 2011, CBRC promulgated the Guideline Concerning the Implementation of New Regulatory Standards for the PRC Banking Industry to clarify the direction for future regulations and the requirement for prudent regulatory requirements. In June 2012, CBRC promulgated the CBRC Capital Regulations which sets out the new requirements for capital adequacy which became effective on 1 January 2013, the minimum capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio for commercial banks to meet by the end of 2018 are 8 per cent., 6 per cent. and 5 per cent., respectively. On 30 November 2012, CBRC issued the Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), which sets out the requirements for capital adequacy ratio during the phase-in period. As a domestic systematically important bank and a global systematically important bank, the Group is subject to additional capital requirements of the CBRC and the Basel Committee. As at 30 June 2015, the Group's capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio (calculated in accordance with the advanced approach under CBRC Capital Regulations) were 13.69 per cent., 11.62 per cent. and 10.63 per cent., respectively. The Amendment to Commercial Banking Law (Draft) was adopted by the executive meeting of the State Council on 24 June 2015, which deletes the provision that the loan to deposit ratio may not exceed 75 per cent. and transforms the loan-to-deposit ratio from a statutory supervision indicator into a liquidity monitoring indicator.

Although the Group is currently in compliance with the capital adequacy requirement, there can be no assurance that CBRC will not issue new regulations to heighten the capital adequacy ratios requirements, particularly in the light of the implementation of the new Basel III. Any change in calculation of capital adequacy ratios by CBRC may also affect the Group's compliance with capital adequacy ratios. There can be no assurance that the Group will be able to meet these requirements in the future at all times. If the Bank fails to meet the capital adequacy requirements, CBRC may require the Bank to take corrective measures, such as restricting the growth of its loans and other assets or restricting its declaration or distribution of dividends. These measures could materially and adversely affect the Bank's business, financial condition and results of operations.

In order to support its steady growth and development, the Group may need to raise more capital to ensure that its capital adequacy ratios comply with the regulatory requirements. In its capital raising plan in the future, the Group may issue any equity securities that can replenish the Tier 1 capital or any debt securities that can replenish the Tier 2 capital. The Group's capital-raising ability may be restricted by the Group's future business, financial condition and results of operations, the Group's credit rating, regulatory approvals and overall market conditions, including Chinese and global economic, political and other conditions at the time of capital raising.

### **3.6 *Basel III and related reforms could have an adverse effect on the Bank's business***

In accordance with the third edition of the Basel Capital Accord promulgated in December 2010 by Basel Committee ("**Basel III**"), the minimum Tier 1 Capital Adequacy Ratio will be raised from 4 per cent. to 6 per cent., while the minimum Common Equity Tier 1 Capital will be raised to 4.5 per cent. (with the CBRC expected to require PRC banks to maintain a 5 per cent. Common Equity Tier 1 Capital), with an additional 2.5 per cent. capital conservation buffer and certain buffer for systematically important banks.

The CBRC published the CBRC Capital Regulations in June 2012 requiring commercial banks to meet the regulatory capital adequacy requirements before the end of 2018. The regulatory capital adequacy ratios requirements under the CBRC Capital Regulations include minimum capital requirements, reserve capital requirements, counter-cyclical capital requirements, additional capital requirements for systemically important banks and Tier 2 capital requirements. The CBRC Capital Regulations have set higher requirements for both the quality and quantity of banks' capital and after the implementation of these Measures, there are a more stringent definition of capital, further improved regulatory standards for capital instruments, and gradually reduced traditional subordinated debt capital instruments. Any failure of the Bank to be adapted to the more stringent requirements for the capital adequacy ratios level under the New Basel Capital Accord and thus to meet the raised requirements for the relevant regulatory indicators may adversely affect the Bank's business.

## **4. Risks relating to the Group's Business**

### **4.1 *If the Group is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of its loans, its financial condition and results of operations may be adversely affected***

A substantial portion of the Group's loans is secured by collateral. The Group's loan collateral primarily includes real estate and other financial and non-financial assets located in the PRC, the value of which may fluctuate due to factors beyond the Group's control, including macroeconomic factors affecting the PRC economy. In particular, an economic slowdown in the PRC may lead to a downturn in the PRC real estate market, which may in turn result in declines in the value of the collateral securing many of the Group's loans to levels below the outstanding principal balance of such loans. Any decline in the value of the collateral securing the Group's loans may result in a reduction in the amount the Group can recover from collateral realisation and an increase in its impairment losses.

In addition, a considerable portion of the Group's domestic loans are guaranteed. The Group's exposure to guarantors is generally unsecured, and a significant deterioration in the financial condition of these guarantors increases the risk that the Group may not be able to recover the full or any amount of such guarantees if needed and when required.

Furthermore, the guarantee provided by such guarantors may be determined by the court as invalid if the relevant guarantor fails to comply with applicable PRC laws and regulations.

**4.2 *The formal implementation of the deposit insurance scheme may adversely affect the Group's deposit-taking business and financial position***

The "Deposit Insurance Regulations" formulated by the State Council came into effect on 1 May 2015, which will result in the formal establishment of a deposit insurance scheme in the PRC. The Deposit Insurance Regulations requires that the commercial banks and other deposit-taking banking financial institutions established in the PRC shall take out deposit insurance and pay deposit insurance premiums to relevant deposit insurance fund management institutions, with such premiums to be used as deposit insurance funds to compensate depositors in the event of the liquidation or similar event of any PRC bank. Under the deposit insurance scheme, upon the liquidation or similar event of any PRC bank, the maximum compensation that a depositor may receive on the total principal and accrued interest deposited with such PRC bank will be capped at RMB500,000.

The deposit insurance premiums to be paid by the Bank in accordance with the Deposit Insurance Regulations and other relevant laws and regulations will increase the Group's operating costs and capital requirements. Furthermore, the deposit insurance scheme may increase competition among PRC banks for deposits as some depositors may consider spreading out their deposits with different PRC banks. This may result deposits currently held with the Group being transferred by depositors to other PRC banks as well as the Group having to offer higher interest rates to retain existing, and attract new, depositors, which may have an adverse effect on the Group's business, financial position and operating results.

**4.3 *Any deficiencies in the Group's risk management and internal control system may adversely affect the Group's financial condition and results of operations***

With the expansion of its business, products and services, the Group may face significant challenges in risk management and may need to further improve its risk management system. For example, in addition to commercial banking services, the Group provides investment banking, insurance, direct investment, fund management and aircraft leasing services. The risks related to these services are different from those related to commercial banking services. The Group has adopted measures, policies and procedures to improve its risk management and internal control system and strengthen consolidated balance sheet risk management. However, such measures, policies and procedures may not be effective in managing the relevant risks. As a result, the Group's risk management and internal control system still need to be improved. Any deficiencies in the Group's risk management system may affect the Group's ability to respond to these risks. If the risk management system of the Group is unable to effectively manage relevant risks, its financial condition and results of operations may be adversely affected.

The Group assesses specific risks of single corporate clients as well as its overall credit risk through an internal credit assessment system. Its system involves detailed analysis of its borrowers' credit risk, taking into account both quantitative and qualitative factors. Therefore, the Group may be exposed to risks associated with inaccurate assessments. The effectiveness of the Group's credit rating system is also limited by the information available to it and the credit history of its borrowers. The Group has improved its credit policies and guidelines to better process potential risks relating to certain industries, including the real estate industry, and certain borrowers, including affiliated companies and group enterprises. However, the Group may fail to identify these risks on a timely basis given the limited resources and tools available to it. If the Group fails to effectively enforce, constantly follow or continue to improve its credit risk management policies and guidelines, its business operations, financial results and reputation may be materially and adversely affected.

The Group continues to improve its internal control system. The Group's Risk Management and Internal Control Committee under its senior management as well as the risk management and internal control committees of the Group's branches are responsible for ensuring the effective performance of the Group's internal control system. The Group expends significant effort on the

development of its internal control system, improvement of its management mechanisms including internal control examination, modification and monitoring of workflow and internal control and compliance assessment, enhancement of the standardisation of management procedures, and strengthening of monitoring of key internal control measures and key positions. In addition, by further increasing the independence, professional competence and effectiveness of its internal audit function, the Group continuously improves its internal audit in overall business and risk management and strengthens the communication between its internal audit committee and external auditor as well as between the management and the internal audit department. However, if the Group's internal control system is not effectively implemented or consistently applied, the Group's business operations, financial results and reputation may be adversely affected.

**4.4 *The Group is subject to credit and liquidity risks with respect to certain off-balance sheet commitments***

In the normal course of its business, the Group makes commitments and guarantees which are not reflected as liabilities on its statement of financial position, including commitments, guarantees and letters of credit relating to the performance of its customers. The Group is subject to the credit risk of its customers as a result of these off-balance sheet undertakings. Over time, the creditworthiness of the Group's customers may deteriorate and the Group may be called upon to fulfil its commitments and guarantees in case any of its customers fail to perform their obligations owed to third parties. If the Group is unable to obtain payment or indemnification from its customers in respect of these commitments and guarantees, its business, financial condition and results of operations may be adversely affected.

**4.5 *The Group is subject to the supervision and inspection of regulators in jurisdictions where it operates***

The Group is subject to supervision and regular and irregular inspection by the PRC's regulatory institutions and other administrative institutions, including the Ministry of Finance ("MOF"), FSDC, PBOC, CBRC, the China Securities Regulatory Commission ("CSRC"), the China Insurance Regulatory Commission ("CIRC"), the State Administration of Taxation, the State Administration of Industry & Commerce, SAFE, the National Development and Reform Commission of the PRC ("NDRC") and the National Audit Office and their local counterparts where the Group operates. The Group's branches and regulated subsidiaries must follow local laws, regulations and regulatory requirements of relevant local regulatory institutions. There can be no assurance that the Group's branches and sub-branches will be able to meet the applicable laws and regulatory requirements at all times. Any failure of the Group to meet these requirements may result in fines, penalties or sanctions which may adversely affect the Group's operations, reputation, business, financial position and results of operations.

**4.6 *The Group may be subject to sanctions if it conducts transactions in violation of the relevant sanctions regulations, which could adversely affect your investment in the Notes***

The U.S. currently imposes various economic sanctions, which are administered by the U.S. Treasury Department's Office of Foreign Assets Control and the U.S. State Department. For instance, U.S. persons can be prohibited from engaging in any transactions with a designated target of certain sanctions, including the purchase and sale of, and receipt of payments under, securities issued by such designated target. Similar sanctions are administered by the United Kingdom, the European Union, United Nations Security Council and other applicable jurisdictions. These sanctions are intended to address a variety of policy concerns, among other things, denying certain countries, and certain individuals and entities, the ability to support international terrorism and to pursue weapons of mass destruction and missile programmes. Countries which are currently subject to sanctions for different reasons include but are not limited to Cuba, Iran, Libya, Myanmar, North Korea, Russia, Syria and Sudan.



The Group has conducted business in countries that are the subject of economic sanctions and with entities that are the subject of sanctions in exceptional circumstances, although any such business has constituted a negligible proportion of the Group's revenue in recent periods. The Group does not believe that its activities violate any applicable sanction regulations. However, if it was otherwise determined that any of the Group's transactions violated applicable sanctions regulations, the Group could be subject to penalties and its reputation and ability to conduct future business in the U.S. or other relevant jurisdictions or with U.S. persons or other relevant persons could be adversely affected, which could adversely affect your investment in the Notes.

**4.7 *The Group is subject to risks associated with its derivative transactions and investment securities***

The Group enters into derivative transactions primarily for trading, asset and liability management and on behalf of its customers. There are credit, market and operational risks associated with these transactions. In addition, there is not a complete set of market practice and documentation records in the PRC's derivative market and the PRC courts have limited experience in dealing with issues related to derivative transactions. This may further increase the risks associated with these transactions. In addition, the Group's ability to monitor, analyse and report these derivative transactions is subject to the development of the Group's information technology system. As a result, the Group's financial condition and results of operations may be adversely affected by these derivative transactions.

The Group invests in securities including bonds, shares or other financial instruments, both domestically issued in the PRC and offshore. Such investments are subject to credit, market liquidity and other types of risks associated with such investments.

The Group will continue to closely follow up with the developments in the international financial markets and assess impairment allowances on related assets in a prudent manner in accordance with IFRS. Any non-performance or default by the counterparty or volatility of the markets or liquidity of the markets may have an adverse effect on the Group's financial condition and results of operations.

**4.8 *The Group's liquidity may be adversely affected if it fails to maintain its deposit growth or if there is a significant decrease in its deposits***

Most of the funding requirements of the Group's commercial banking operations are met through short-term funding, principally in the form of deposits, including customer and inter-bank deposits. Although the Group has established a liquid assets investment portfolio to supplement its on-going liquidity needs, it continues to rely primarily on customer deposits to meet its funding needs. While the Group's short-term customer deposits have been a stable and predictable source of funding, there can be no assurance that the Group will always be able to rely on this source of funding. If the Group fails to maintain its deposit growth or if there is a significant decrease in its deposits, the Group's liquidity position, business, financial condition and results of operations may be adversely affected. Should any of these events occur, the Group may need to seek more expensive sources of funding to meet its funding requirements.

In addition, there are mismatches between the maturity of the Group's assets and the maturity of its liabilities. If the mismatches between the maturity of its assets and the maturity of its liabilities widen significantly, the Group's liquidity position could be adversely affected and funding from higher-cost source has to be obtained. Furthermore, the Group's ability to obtain additional funds may also be affected by other factors, including factors beyond the Group's control, such as the deterioration of overall market conditions, disturbances to the financial markets or a downturn in the industries where it has substantial credit exposure. All of these factors may result in significant adverse effects on the Group's liquidity, business, financial position and results of operations. See also "*Risk Factor - Risks relating to the PRC Banking Industry*" for additional information relating to the PRC banking regulatory regime.

**4.9 *The Group may not be able to detect money laundering and other illegal or improper activities, which could expose it to additional liability and harm its business***

The Group is required to comply with applicable anti-money laundering laws, anti-terrorism laws and other regulations in the PRC and other jurisdictions in which it has operations. These laws and regulations require the Group, among other things, to formulate "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities or by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Group may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Group may fail to fully comply with applicable laws and regulations, the relevant government agencies to whom the Group reports have the power and authority to impose fines and other penalties on the Group, which may materially and adversely affect the Group's reputation, business, financial condition and results of operation.

**4.10 There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Listing Base Prospectus with respect to the Bank, the Group, the PRC, its economy or its banking industry**

Certain facts, forecasts and statistics in this Listing Base Prospectus relating to the PRC, the PRC's economy and global banking industries and the Bank's market share and ranking are derived from various official and other publicly available sources which are generally believed to be reliable. However, the Bank cannot guarantee the quality and reliability of such source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Bank, the Group, or any of their respective directors, employees, representatives, affiliates or advisers and, therefore, none of them makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. The Bank has taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

**B. RISKS RELATING TO THE NOTES**

**5. General risk warning**

The Notes are not conventional debt securities as they are linked to the performance of an underlying reference asset or basket of reference assets, including, without limitation, securities, commodities, bullion, credit or debt obligations of an entity or sovereign, currency or exchange rates, interest rates, exchange traded funds, or any basket thereof and/or the creditworthiness of one or more underlying Reference Entities, or any combination, variation or derivative thereof. Prospective investors should therefore understand that the payment amount, whether in respect of principal, interest or any other sum payable under the Notes, will be dependent upon the performance of the applicable underlying reference asset or basket of reference assets and/or creditworthiness of the applicable Reference Entity or Reference Entities and may, in certain circumstances, be zero.

**6. The market value of the Notes on the issue date and thereafter may be less than the original issue price and may be volatile and is affected by many factors**

**6.1 *The market value of the Notes on the issue date will likely be lower than their original issue price***

As at the issue date, the issue price of the Notes will likely be more than the market value of such Notes, and more than the price, if any, at which the Dealer(s) or any other person would be willing to purchase the Notes in secondary market transactions. In particular, (a) where permitted by applicable law, the issue price may take into account amounts with respect to commissions relating to the issue and sale of the Notes and (b) amounts relating to the hedging of the Issuer's obligations under such Notes, including the profits the Group expects to realise for assuming the risks inherent in providing such hedge.

**6.2 *The market value of the Notes and the price at which you may be able to sell your Notes prior to maturity may be at a substantial discount to the original issue price of the Notes. You may lose some or up to all of your investment in any such secondary sale***

Any secondary market price of the Notes will likely be lower than the original issue price of the Notes because, among other things, secondary market prices take into account the secondary market credit spreads of the Issuer and, also, because (as noted in Risk Factor 6.1 (*The market value of the Notes on the issue date will likely be lower than their original issue price*) above) secondary market prices (a) exclude selling commissions and (b) may exclude projected hedging profits, if any, and estimated hedging costs that are included in the original issue price of the Notes. As a result, the price, if any, at which the Dealer(s) or any other person would be willing to buy Notes from you in secondary market transactions, if at all, is likely to be lower than the original issue price. Any sale by you prior to the maturity date could result in a substantial loss to you. See the immediately following risk consideration for information about additional factors that will impact any secondary market prices of the Notes.

**6.3 *Prior to maturity, the value of the Notes will be influenced by many unpredictable factors***

**(i) General**

Many economic and market factors will influence the value of the Notes. Generally, the value of the Reference Asset(s) on any day will likely affect the value of the Notes more than any other single factor. However, you should not expect the value of the Notes in the secondary market to vary in proportion to changes in the value of the Reference Asset(s). The value of the Notes will be affected by a number of other factors that may either offset or magnify each other, including, but not limited to:

- the creditworthiness of the Issuer, including actual or anticipated downgrades in its credit ratings;
- the actual and expected frequency and magnitude of changes in the value of any Reference Asset(s) (i.e., volatility);
- the remaining time to maturity of the Notes;
- depending on the type of Reference Asset(s):
  - the creditworthiness of the Reference Entity of the Reference Asset(s);
  - interest and yield rates in the market generally as well as in the markets of the Reference Asset(s);
  - economic, financial, political, regulatory and judicial events that affect the Reference Asset or, if applicable, its Reference Entity; and
- the exchange rates and the volatility of the exchange rates between the currency of denomination of the Notes and the currencies in which a Reference Asset(s) are traded.

Some or all of these factors will influence the price you will receive if you choose to sell your Notes prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You may have to sell your Notes at a substantial discount from the original purchase price and may lose some or all of your investment.

See also Risk Factors 12.2 (*The market value or return on the Notes depends on the performance of the Reference Asset(s)*) and 12.3 (*The market value or return on the Notes may not be comparable or directly proportionate to the change in value of such Reference Asset(s)*) below.

(ii) **The market value of the Notes is expected to be affected, in part, by the credit rating of the Bank**

The value of the Notes is expected to be affected, in part, by the general perceptions of investors of the creditworthiness of the Bank. Such perceptions may be influenced by the ratings accorded to outstanding securities of the Issuer by well-recognized rating agencies, such as Moody's Investor Service, Inc., Fitch, Inc. and Standard & Poor's, a division of The McGraw Hill Companies, Inc. A reduction in the rating, if any, accorded to outstanding securities of the Bank, by one of these rating agencies could result in a reduction in the trading value of the Notes.

(iii) **The market value of the Notes may be highly volatile**

The price, performance or investment return of the Reference Asset(s) may be subject to sudden, large and unpredictable changes over time and this degree of change is known as "volatility". The volatility of a Reference Asset may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of your Notes.

(iv) **There may be price discrepancies with respect to the Notes as between various dealers or other purchasers in the secondary market**

If at any time a third party dealer quotes a price to purchase Notes or otherwise values Notes, that price may be significantly different (higher or lower) from any price quoted by the Group. Furthermore, if you sell your Notes, you will likely be charged a commission for secondary market transactions, or the price may reflect a dealer discount.

## 7. **Notes may be exposed to foreign exchange risks**

### 7.1 **Overview of foreign exchange risks**

If the terms and conditions of the Notes provide that payment under the Notes will be made in a currency which is different from the currency of the Reference Asset(s), and/or different from your investment currency, you may: (a) be exposed to the adverse movement of the Specified Currency relative to the currency of the Reference Asset(s), and/or your investment currency; and/or (b) not be able to benefit from the positive movement of the Specified Currency relative to the currency of the Reference Asset(s), and/or your investment currency.

Foreign exchange rates are highly volatile and are determined by various factors, including supply and demand for currencies in the international foreign exchange markets, economic factors including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility, safety of making financial

investments in the currency concerned, speculation and measures taken by governments and central banks.

A foreign exchange rate can be fixed by the sovereign government, allowed to float within a range of exchange rates set by the government or left to float freely. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes or changes in interest rates to influence the exchange rates of their currencies. In addition, governments around the world, including the governments of other major world currencies, have recently made, and may be expected to continue to make, very significant interventions in their economies, and sometimes directly in their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and may cause currency exchange rates to fluctuate more than would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

The Issuer will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the applicable foreign currency. You will bear those risks.

Foreign exchange fluctuations between your investment currency and the currency in which payment under the Notes is due may affect you if you intend to convert gains or losses from the exercise or sale of Notes into your investment currency and may eventually cause a partial or total loss of your initial investment.

## **7.2 *Currency-protected or "quanto" Notes***

If one or more Reference Assets are not denominated in the specified currency of the Notes and at the same time only the performance of the Reference Asset(s) in their denominated currency is relevant to the payout on the Notes, such Notes are referred to as currency-protected Notes or Notes with a "quanto" feature. Under such feature, the investment return of the Notes depends only on the performance of the Reference Asset(s) (in the relevant currency) and any change in the rate of exchange between the currency of the Reference Asset(s) and the specified currency of the Notes is disregarded. Therefore, you will lose the potential benefit of any change in the rate of exchange between the currency of the Reference Asset(s) and the Notes that would otherwise serve to increase the relevant performance measure of the Reference Asset(s) following conversion into the currency of the Notes. In addition, changes in the relevant exchange rate may indirectly influence the price of the relevant Reference Asset(s) which, in turn, could have a negative effect on the return on the Notes.

## **7.3 *There are risks in investing in Notes which are linked directly or indirectly to emerging market Reference Asset(s) or currencies***

Where the Notes are linked, directly or indirectly, to emerging market jurisdictions investors will be exposed to the risks of volatility, governmental intervention and, possibly, the lack of a developed system of law which are associated with such jurisdictions.

In relation to Notes referencing assets which are linked to emerging markets, there are risks that there is generally less publicly available information, and potentially less developed accounting, auditing and financial reporting standards and requirements and trading rules, which are relevant for assessing such assets. Additionally, the values of such assets in emerging market jurisdictions may be affected by political, economic, financial and social instability in such jurisdictions, including

changes in a country's government, economic and fiscal policies, currency exchange laws or other foreign laws or restrictions.

Notes linked indirectly to emerging markets, via securities, indices, commodities or currencies, may also be exposed to the risks of economic, social, political, financial and military conditions in such jurisdictions, including, in particular, political uncertainty and financial instability; the increased likelihood of restrictions on export or currency conversion; the greater potential for an inflationary environment; the possibility of nationalisation or confiscation of assets; the greater likelihood of regulation by the national, provincial and local governments, including the imposition of currency exchange laws and taxes; less liquidity in emerging market currency markets as compared to the liquidity in developed markets and less favourable growth prospects, capital reinvestment, resources and self-sufficiency.

A combination of any or all of the risk factors outlined above may have a negative impact on the value of any Reference Asset linked to emerging markets or on the value of the Notes directly.

## 8. **Notes may not be a suitable investment for all investors**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Listing Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Issuer, the Dealers, the Trustee, the Arrangers and the Agents have not given, and none of them will give, to you in relation to any Notes (either directly or indirectly) any assurance or guarantee as to the merits, performance or suitability of such Notes, and you should be aware that each of them is acting as an arm's-length counterparty and not as an advisor or fiduciary.

## 9. **Specific risks of certain terms and conditions of the Notes**

### 9.1 ***Investors shall pay attention to any modification, waivers and substitution***

The General Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The General Conditions, Payout Conditions and Underlying Asset Conditions may be supplemented, amended, modified, or varied in relation to any Series of Notes by the terms set forth in the relevant Final Terms in relation to such Series.

The General Conditions also provide that the Trustee may, without the consent or sanction of Noteholders or Couponholders, agree to (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, or the Trust Deed which is not prejudicial to the interests of the Noteholders; or (b) any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law as described in General Condition 19 (*Meetings of Noteholders; Modification and Waiver*).

**9.2 *Investors shall be aware of the effect of change of law***

The General Conditions, Payout Conditions and Underlying Asset Conditions are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practices after the date of this Listing Base Prospectus.

**9.3 *A leverage feature increases the potential loss (or gain) on the Notes***

Where a formula used to determine the amount payable and/or deliverable with respect to the Notes contains a "participation" level or other multiplier or leverage factor (whether implicit or explicit) greater than one, the percentage change in the value of the Notes will be greater than any positive and/or negative performance of the Reference Asset(s). Notes which include such a multiplier or leverage factor represent a very speculative and risky form of investment, since any loss in the value of the Reference Asset(s) carries the risk of a disproportionately higher loss on the Notes.

**9.4 *A "participation" level of less than one means that you will not share in the full positive performance of the Reference Asset(s)***

Where a formula used to determine the amount payable and/or deliverable with respect to the Notes contains an explicit or implicit "participation" level or other multiplier or leverage factor of less than one, then the percentage change in the value of the Notes will be less than any positive and/or negative performance of the Reference Asset(s). In such case, the return on the Notes will be disproportionately lower than any positive performance of the Reference Asset(s). Accordingly, your return on the Notes may be significantly less than if you had purchased the Reference Asset(s) directly.

**9.5 *The potential return on your Notes may be limited***

Where a formula used to determine the amount payable and/or deliverable with respect to the Notes contains a cap, your ability to participate in any change in the value of the Reference Asset(s) over the term of the Notes will be limited, no matter how much the level, price, rate or other applicable value of the Reference Asset(s) may rise beyond the cap level over the life of the Notes. Accordingly, your return on the Notes may be significantly less than if you were exposed to the Reference Asset(s) directly.

**9.6 *If the Notes include an Issuer call option, then (a) you will not be able to participate in any future positive performance of the Reference Asset(s) following the call date, (b) the market value of the Notes may be limited and (c) you will be subject to reinvestment risk if the Notes are called***

**(i) *No further participation in any future positive performance of the Reference Asset(s)***

Where the terms and conditions of the Notes provide that the Issuer has the right to call for the early redemption or termination of the Notes, following any such exercise by the Issuer,

you will lose the opportunity to participate any further through your Notes in the performance of the Reference Asset(s).

(ii) **Limitation on the market value of the Notes**

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise above the price at which they can be redeemed. This also may be true prior to the beginning of any redemption period.

(iii) **Reinvestment Risk**

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, you generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. You should consider such reinvestment risk in light of other available investments.

**9.7 *There are certain risks in relation to averaging***

If so provided in the applicable terms and conditions of the Notes, the amount payable (or deliverable) on the Notes (whether at maturity or otherwise) will be based on the arithmetic average of the applicable levels, prices, rates or other applicable values of the Reference Asset(s) on each of the specified averaging dates, and not the simple performance of the Reference Asset(s) over the term of the Notes. For example, if the applicable level, price, rate or other applicable value of the particular Reference Asset(s) dramatically surged on the last of five averaging dates, the amount payable on the Notes may be significantly less than it would have been had the amount payable been linked only to the applicable level, price, rate or other applicable value of the particular Reference Asset(s) on that last averaging date.

**9.8 *There are specific risks with regard to Floating Rate Notes and/or Notes linked to a floating rate***

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, it is not possible to determine a definite yield of Floating Rate Notes at the time of investment, so that an investor's return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, you will be exposed to the reinvestment risk if market interest rates decline. That is, you may reinvest the interest income paid to you only at the relevant lower interest rates then prevailing.

**9.9 *Notes linked to currency exchange rates (including Dual Currency Notes)***

The Issuer may issue Notes with principal or interest determined by reference to currency exchange rates. In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- the payment of principal or interest may occur at a different time or in a different currency than expected;



- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- currency exchange rates may be subject to significant fluctuations that may not correlate with changes in other asset classes, like interest rates, shares or indices;
- if a currency exchange rate is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the currency exchange rate on principal or interest payable will likely be magnified; and
- the timing of changes in a currency exchange rate may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the currency exchange rate, the greater the effect on yield.

#### 9.10 ***Partly Paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### 9.11 ***Redemption and payment where the Payout Conditions are applicable***

In respect of Notes where the Payout Conditions are applicable, and unless otherwise specified in or modified by the relevant Final Terms, investors should note that the Payout Conditions provide for obligations of the Issuer under the Notes to terminate on the Maturity Date or Optional Redemption Date, as applicable, save for the obligation to pay the Final Redemption Amount or Optional Redemption Amount (as applicable) which shall be paid on the Maturity Payment Date or Optional Redemption Payment Date (as applicable), together with any other payment amount in relation to payment obligations under the Payout Conditions or relevant Final Terms which have accrued on or prior to the Maturity Date or Optional Redemption Date (as applicable) but have remained unpaid on the Maturity Date or Optional Redemption Date (as applicable). The Maturity Payment Date and Optional Redemption Payment Date will be specified in the relevant Final Terms and will likely fall after the Maturity Date or Optional Redemption Date, respectively. Investors should therefore note that payment of the Final Redemption Amount or Optional Redemption Amount (as applicable) will not fall on the Maturity Date or Optional Redemption Date (as applicable) but on the Maturity Payment Date or Optional Redemption Payment Date (as applicable) instead.

#### 10. **Secondary market trading may be limited, and you may not be able to sell your Notes prior to scheduled maturity**

There may be little or no secondary market for the Notes. Even if there is a secondary market for the Notes, it may not provide enough liquidity to allow you to trade or sell the Notes easily.

Entities of the Group (acting as Dealer) may act as a market maker for the Notes, but are not required to do so (subject to the rules of any applicable securities exchange). As other market makers may not participate significantly in the secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which such Dealer is willing to buy the Notes (as to which see Risk Factor 6.1 (*The market value of the Notes on the issue date will likely be lower than their original issue price*) above). If at any time such Dealer or another agent does not act as a market maker, it is likely that there would be little or no secondary market for the Notes.

If any entity of the Group does make a market for the Notes, it may cease to do so at any time without notice (subject to the rules of any applicable securities exchange).

Notes are also subject to selling restrictions and purchaser representations and requirements and transfer restrictions that may limit your ability to resell or transfer them.

11. **The Notes may be redeemed or terminated (as applicable) prior to their scheduled maturity for various unforeseen reasons, and in such case you may receive back less than your original investment and you may not be able to reinvest the proceeds in an equivalent investment**

**11.1 *Events or circumstances leading to early redemption or termination***

Notes may be redeemed prior to their scheduled maturity for any of the following reasons:

- the occurrence of a mandatory early redemption event (e.g., the price or level of the Reference Asset rises above or falls below a pre-determined price or level), if specified in the terms and conditions of the Notes, or such other additional early redemption events as may be specified in the relevant Final Terms;
- the exercise by the Issuer of a call option, if specified to be applicable in the relevant Final Terms (see Risk Factor 9.6 (*If the Notes include an Issuer call option, then (a) you will not be able to participate in any future positive performance of the Reference Asset(s) following the call date, (b) the market value of the Notes may be limited and (c) you will be subject to reinvestment risk if the Notes are called*) below);
- the exercise by you of a put option, if specified to be applicable in the relevant Final Terms;
- the occurrence of certain events outside of the control of the Issuer or other circumstances in relation to a Reference Asset (see the "Additional Disruption Event" provisions under the Underlying Asset Conditions);
- the occurrence of certain events affecting the Issuer's ability to perform its obligations under the Notes (General Condition 11 (*Issuer Disruption Events*));
- the Issuer determines that its performance under any Notes has become unlawful in whole or in part for any reason (see General Condition 10(f) (*Early Redemption for Illegality*)); or
- following an Event of Default (see General Condition 15 (*Events of Default*)).

**11.2 *The 'Early Payment Amount' may be less than the original invested amount***

If "Early Payment Amount" is specified as payable upon early redemption due to any of the circumstances described in 11.1 "Events or circumstances leading to early redemption or termination" above, you will receive (subject in the case of an occurrence of an Event of Default to claims of other creditors) the fair market value of the Notes, less all costs incurred by or on behalf of the Issuer in connection with such early redemption, including costs of unwinding any related funding and/or hedging arrangements of the Issuer, and all other expenses, all as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

The Early Payment Amount may be less than the original purchase price of the Notes and could be as low as zero.

12. **There are risks relating to Notes that are linked to Reference Asset(s)**

**12.1 *No legal or beneficial rights in the Reference Asset(s)***

The Issuer has no obligation to hold the Reference Asset(s), and the Notes are unsecured. As an investor in the Notes, you will not have any legal or beneficial rights of ownership in the Reference Asset(s) and you will have rights solely against us as Issuer of the Notes and will not have any rights against any Reference Entity. In particular, you will not have:

- the right to vote or give to give or withhold any consent in relation to any Reference Asset obligation or any other obligation of any Reference Entity;
- the right to any coupons, fees or other distributions which may be paid by any Reference Entity to holders of a Reference Asset or any of the other debt obligations of any Reference Entity; or
- the right to receive any information from any Reference Entity.

Accordingly, an investment in the Notes is not equivalent to an investment in any Reference Asset or any other debt obligation of a Reference Entity.

**12.2 *The market value or return on the Notes depends on the performance of the Reference Asset(s)***

Notes which are linked to Reference Asset(s) represent an investment linked to the economic performance of the relevant Reference Asset(s). Any return on the Notes will depend upon the performance of such Reference Asset(s). You should not invest in Notes if you do not fully understand (either alone, or with the help of a financial adviser) how the performance of the relevant Reference Asset(s) may affect the return on the Notes.

**12.3 *The market value or return on the Notes may not be comparable or directly proportionate to the change in value of such Reference Asset(s)***

In contrast to a direct investment in the relevant Reference Asset(s), Notes represent the right to receive payment and/or delivery of amounts which will be determined by reference to the performance of the relevant Reference Asset(s). Whilst the return on the Notes will be influenced (positively or negatively) by such Reference Asset(s), any change may not be comparable or directly proportionate to the change in value of such Reference Asset(s), and you may receive less or lose more than if you had invested in the Reference Asset(s) directly.

**12.4 *The past performance of a Reference Asset is not indicative of future performance***

Any information about the past performance of the Reference Asset at the time of the issuance of the Notes should not be regarded as indicative of the range of, or trends in, fluctuations in the Reference Asset that may occur in the future. Actual results will be different, and such differences may be material.

**12.5 *Additional Disruption Events or, if applicable, Potential Optional Redemption Events may adversely affect the return on the Notes***

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Calculation Agent may in its reasonable commercial discretion either make such adjustments to the terms of the Notes as it determines to be appropriate to account for the economic effect of such event on the Notes or early redeem the Notes by payment of the Early Redemption Amount. The occurrence of an Additional Disruption Event and any resulting adjustment or early redemption may negatively impact the return on the Notes.

If the Calculation Agent determines that a Potential Optional Redemption Event has occurred, the Issuer may exercise its option to early redeem the Notes by payment of the Early Redemption Amount. The occurrence of a Potential Optional Redemption Event and resulting early redemption may negatively impact the return on the Notes.

**12.6 *Credit risk on the Reference Asset and Reference Entity***

An investor will be taking the credit risk of the Reference Entity and the Reference Asset. The obligation for payment under the Notes is totally dependent on the performance by the Reference

Entity of its obligations under the Reference Asset. There can be no assurance that the Reference Entity will perform its obligations under the Reference Asset in accordance with their terms.

**12.7 *Differences in ratings of Reference Assets and Reference Entities by 'domestic' and offshore rating agencies***

Reference Assets and Reference Entities that have been rated by both 'domestic' and offshore rating agencies may have different ratings, with a 'domestic' rating often more favourable than an offshore rating agencies' rating.

**12.8 *No information concerning the Reference Asset or Reference Entity***

No information (including current financial information) or other developments with respect to the Reference Entity has been or will be provided to the Holder. No investigation of the Reference Entity (including, without limitation, any investigation as to its financial condition or creditworthiness) or of the Reference Asset (including, without limitation, any investigation as to its ratings) has been made by the Issuer or the Dealer. Potential Holders should obtain and evaluate the information concerning the Reference Asset in the same way as they would obtain and evaluate it if they were investing directly in the Reference Asset or other securities issued by the Reference Entity.

**12.9 *Additional Costs may affect returns***

Payments under the Notes will be subject to reduction for any Additional Costs and any such reduction will reduce the return to the Holders.

**13. *Risks relating to Notes where the Reference Asset is a sovereign bond***

Investing in debt securities issued by governments and their agencies may involve significant economic and political risks. Holders of certain sovereign instruments may be requested to participate in the restructuring and rescheduling of these obligations and to extend further loans to their issuers. The interests of holders of sovereign instruments could be adversely affected in the course of restructuring arrangements. The issuers of the sovereign debt securities may experience serious difficulties in servicing their external debt obligations. These difficulties may, among other effects, force such countries to reschedule interest and principal payments on obligations, and to restructure certain indebtedness. Rescheduling and restructuring arrangements may include reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements, or converting outstanding principal and unpaid interest to "Brady Bonds" or similar instruments, and obtaining new credit to finance interest payments. Investing in such debt securities may also involve significant risks regarding a rating downgrade of the subject country.

The occurrence of these events may constitute a Potential Optional Redemption Event under Notes linked to such debt securities. The Issuer's has the option to early redeem the Notes under these circumstances, resulting in a substantial or total loss of their investment in the Notes.

**14. *The Calculation Agent has the power to make discretionary determinations under the Notes, any of which may have a material adverse effect on the Notes***

Under the terms and conditions of the Notes, following the occurrence of certain events outside of its control, the Calculation Agent may determine in its discretion to take one of the actions available to it in order to deal with the impact of such event on the Notes or the Issuer or both. It is possible that any such discretionary determination by the Calculation Agent could have a material adverse impact on the return of the Notes.

**15. *Risks relating to Renminbi Denominated Notes***

Notes denominated in Renminbi (the "**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

**15.1 *Investment in the Renminbi Notes is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

**15.2 *Investment in the Renminbi Notes is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

**15.3 *Renminbi is not freely convertible; there are significant restrictions on the remittance of Renminbi into and outside of the PRC***

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Renminbi Notes.

**15.4 *There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

**15.5 *Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes***

All payments to investors in respect of Renminbi Notes cleared through the CMU Service will be made solely by (i) when Renminbi Notes are represented by Global Notes or Global Note Certificates cleared through the CMU Service, transfer to a Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and procedures of the CMU Service, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

**15.6 *Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws***

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Holder from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to ten per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual

Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

## 16. **Risks associated with conflicts of interest between the Issuer and purchasers of Notes**

The various roles and trading activities of the Issuer could create conflicts of interest between potential investors and the Issuer. A potential investor has not relied on and acknowledges that neither the Issuer nor any of its affiliates has made any representation or warranty, or provided it with any information or advice with respect to the advisability of purchasing the Notes.

### 16.1 ***The Issuer's hedging, trading, issuance and underwriting activities may create conflicts of interest between you and us***

In anticipation of the sale of the Notes, the Issuer and/or its affiliates may (but are not obligated to) enter into hedging transactions involving purchase of the Reference Asset(s) or the components underlying the Reference Asset ("**underlying components**"), listed or over-the-counter options, futures, swap, and/or other instruments linked to the Reference Asset(s), constituent indices of such Reference Asset(s), the underlying components, commodities, foreign currencies or other instruments linked to the underlying components, constituent indices of such Reference Asset(s), the underlying components, indices designed to track the performance of the relevant markets or components of such markets or other transactions on or before the trade date. In addition, from time to time after the Issuer issues the Notes, the Issuer and/or its affiliates expects to enter into additional hedging transactions and to unwind those the Issuer has entered into, in connection with the Notes and perhaps in connection with other Notes the Issuer issues, some of which may have returns linked to any one or more of the Reference Asset(s), one or more of the underlying components thereof, as applicable, the Reference Asset(s) stocks, commodities or foreign currencies or other assets. Consequently, with regard to the Notes, from time to time, the Issuer:

- expects to acquire or dispose of positions in listed or over-the-counter options, futures, swaps or other instruments linked to some or all of the Reference Asset(s), some or all of the underlying components of such Reference Asset(s) (if applicable) or some or all Reference Asset(s) stocks or foreign currencies;
- may take or dispose of positions in the Reference Asset(s) or the underlying components of such Reference Asset(s) (if applicable);
- may take or dispose of positions in listed or over-the-counter options or other instruments based on Reference Asset(s) designed to track the performance of the stock exchanges or other components of the relevant markets;
- may take short positions in the Reference Asset(s) or other securities or instruments of the kind described above - i.e., the Issuer and/or its affiliates may sell securities of the kind that the Issuer does not own or that the Issuer borrows for delivery to purchaser; and/or
- may acquire or dispose of the specified currency of the Notes in foreign exchange transactions involving other currencies.

The Issuer and/or its affiliates may acquire a long or short position in securities similar to the Notes from time to time and may, in the Issuer or their sole discretion, hold or resell those securities.

In the future, the Issuer and/or its affiliates expect to close out hedge positions relating to the Notes and perhaps relating to other Notes with returns linked to the Reference Asset(s), the underlying components of such Reference Asset(s) (if applicable) or foreign currencies. The Issuer expects these steps to involve sales of instruments linked to the Reference Asset(s), the underlying components of such Reference Asset(s) (if applicable) or the foreign currencies on or shortly before the trade date. These steps also may involve sales and/or purchases of some or all of the Reference Asset(s), the underlying components of such Reference Asset(s) (if applicable) or listed or over-the-counter options, futures or other instruments linked to any one or more of the Reference Asset(s), underlying components of such Reference Asset(s) (if applicable) or the foreign currencies, some or all of the Reference Asset(s), the underlying components of such Reference Asset(s) (if applicable), constituent indices or indices designed to track the performance of the exchange or other markets or other components of such markets, as applicable.

The Issuer may also engage in trading in one or more of the Reference Asset(s) or (if applicable) the underlying components of such Reference Asset(s) or instruments whose returns are linked to the Reference Asset or (if applicable) the underlying components of such Reference Asset(s), for our proprietary accounts, for other accounts under our management or to facilitate transactions, including block transactions, on behalf of customers.

Any of these hedging or trading activities may adversely affect the level, price, rate or other applicable value of the Reference Asset(s) - directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of the underlying components of such Reference Asset(s) (if applicable) - and therefore the market value of the Notes and the return on the Notes. It is possible that the Issuer could receive substantial returns with respect to such hedging activities while the value of your Notes declines.

The Issuer may issue or underwrite, other securities or financial or derivative instruments with returns linked to changes in the level, price, rate or other applicable value of the Reference Asset or (if applicable) the underlying components of such Reference Asset(s). By introducing competing products into the marketplace in this manner, the Issuer could adversely affect the market value of and return on the Notes.

**16.2 *The Issuer may have confidential information relating to the Reference Asset(s) (directly or indirectly) which the Issuer will not disclose to you***

The Issuer may, from time to time, by virtue of acting as underwriter, advisor or otherwise, possess or have access to information relating to the Notes, the Reference Assets, the underlying components of such Reference Asset(s) and/or any derivative instruments referencing them. In such case, the Issuer will not be obligated to disclose any such information to you.

**17. Risks relating to taxation**

**17.1 Changes in tax law**

Tax regulations and how they are applied by the relevant taxation authorities are subject to change, possibly with retrospective effect, and this could negatively affect the value of the Notes. Any such change may cause the tax treatment of the Notes to change from the tax position at the time of purchase and may cause the statements in this Listing Base Prospectus concerning the relevant tax law and practice to be inaccurate or insufficient to cover the material tax considerations in respect of the Notes. It is not possible to predict the precise tax treatment which will apply at any given time and changes in tax law may give the Issuer the right to redeem the Notes.



## 17.2 **Withholding**

Payments under the Notes will be made subject to applicable withholding taxes (if any) and the Issuer will not be required to pay any further amounts in respect of the Notes in the event that any taxes are levied on such payment.

If payments under the Notes are subject to withholding tax, the Issuer is under no obligation to provide to any relevant Noteholders or Couponholders any receipt in respect of such withholding tax. The lack of such receipt may prevent such holder from successfully claiming back some or part of such withholding tax from the relevant authority.

## 17.3 **Potential foreign exchange conversion taxes**

The Notes may be redeemed early or amounts payable on the Notes may be reduced by certain costs or expenses incurred by the Issuer (or any of its agents or affiliates) in connection with the Notes as a result of: the occurrence of certain tax events in the jurisdiction of the Reference Entity, the United States or the United Kingdom or with respect to the Reference Asset that adversely affects the economic value of this transaction to the Issuer; the imposition of taxes on the transfer of Specified Currency out of the jurisdiction of the Reference Entity; the imposition of certain additional taxes on debt of the Reference Entity; or the imposition of any taxes on any conversion of a Reference Asset Currency into the Specified Currency.

## 17.4 **Considerations related to FATCA Tax Provisions**

Whilst the Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA") will affect the amount of any payment received by the Clearing Systems (see "*Taxation - FATCA*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository for the Clearing Systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

## 18. **Reform of LIBOR and EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"**

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be

predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".

Key international proposals for reform of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**"). In addition, the European Commission's proposed regulation on indices used as "benchmarks" in certain financial instruments, financial contracts and investment funds (September 2013) has been adopted by Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**") became effective on 1 January 2018.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

The Benchmark Regulation became effective on 1 January 2018. The Benchmark Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the EU, and, among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) bans the use of "benchmarks" of unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments, financial contracts and investment funds.

The Benchmark Regulation has a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

- Pursuant to Article 29(2) of the Benchmark Regulation, where the object of a prospectus to be published under Directive 2003/71/EC or Directive 2009/65/EC is transferable securities or other investment products that reference a benchmark, the issuer, offeror, or person asking for admission to trade on a regulated market shall ensure that the prospectus also includes clear and prominent information stating whether the benchmark is provided by an administrator included in the register referred to in Article 36 of this Regulation. The Issuer refers to point 6 (Floating Rate Note Provisions) of the Chapter titled "General Terms and Conditions of the Notes" of the Listing Base Prospectus and point 9 (Interest Basis) of the respective Final Terms of the Notes;
- an index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed or otherwise impacted; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead

to adjustments to the terms of the Notes including Calculation Agent determination of the rate or level in its discretion.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals, initiatives and investigations which may impact "benchmarks". For example, in the UK, the national government has recently extended the legislation originally put in place to cover LIBOR to regulate the following additional major UK-based financial benchmarks in the fixed income, commodity and currency markets:

- ISDAFIX (now ICE Swap Rate), which is the principal global benchmark for swap rates and spreads for interest rate swap transactions
- London Gold Fixing (now LBMA Gold Price) and the LBMA Silver Price (now LBMA Silver Price), which determine the price of gold and silver in the London market
- ICE Brent Index, traded on the ICE Futures Europe (IFEU) exchange, which acts as the crude oil futures market's principal financial benchmark
- WM/Reuters London 4 p.m. Closing Spot Rate, which is the dominant global foreign exchange benchmark
- SONIA (Sterling Overnight Index Average) and RONIA (Repurchase Overnight Index Average), which both serve as reference rates for overnight index swaps

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequence in relation to Notes linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Notes.

## IMPORTANT INFORMATION

This Listing Base Prospectus comprises a base prospectus in respect of the Notes issued under the Programme and listed on the Budapest Stock Exchange for the purposes of Sections 21 and 27(4) of the Capital Markets Act and Article 5 of the Prospectus Directive. In each event, the aggregate listing costs are not expected to exceed 5 per cent. of the aggregate amount of the relevant Series of the Notes.

In accordance with section 29(1) of the Capital Markets Act, only the Issuer accepts responsibility for the information contained in this Listing Base Prospectus.

The Issuer's responsibility statement is set out in the chapter entitled "*Responsibility Statement*" below. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Listing Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Listing Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Listing Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Listing Base Prospectus.

None of the Arranger, the Dealer, the Trustee or any Agents have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealer, the Trustee or any Agents as to the accuracy or completeness of the information contained or incorporated in this Listing Base Prospectus or any other information provided by the Issuer in connection with the Notes. The Arranger, the Dealer, the Trustee or any Agents do not accept any liability in relation to the information contained or incorporated by reference in this Listing Base Prospectus or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Listing Base Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger, the Dealer, the Trustee or any Agents.

Neither this Listing Base Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Arranger, the Dealer, the Trustee or any Agents that any recipient of this Listing Base Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Listing Base Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Listing Base Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealer, the Trustee or any Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review the most recently published audited annual financial statements, unaudited semi-annual interim consolidated financial statements and quarterly financial results of the Issuer.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS LISTING BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This Listing Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Listing Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Listing Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of any Notes or distribution of this Listing Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Listing Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Listing Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Listing Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Listing Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the Netherlands and the United Kingdom), the People's Republic of China (**PRC**), Hong Kong, Macau, Japan and Singapore see "*Subscription and Sale*".

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Listing Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal

advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

#### **PRESENTATION OF INFORMATION**

In this Listing Base Prospectus, all references to:

**HUF** refers to Hungarian forint

**U.S. dollars, U.S.\$** and **\$** refer to United States dollars; and

**euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## DOCUMENTS INCORPORATED BY REFERENCE

This Listing Base Prospectus should be read and construed in conjunction with the following information which shall be deemed to be incorporated in, and form part of, this Listing Base Prospectus, save that any such information shall be deemed to be modified or superseded for the purpose of this Listing Base Prospectus to the extent that a statement contained in this Listing Base Prospectus or in any supplement to this Listing Base Prospectus, including any documents incorporated herein by reference, modifies or supersedes such earlier information (whether expressly, by implication or otherwise). Any such information so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Listing Base Prospectus.

The following information is hereby incorporated by reference:

- (1) the Bank's financial highlights, accessible on <http://www.boc.cn/en/investor/ir1/>; and
- (2) the Bank's annual and interim reports, including interim financial information, accessible on <http://www.boc.cn/en/investor/ir3/>.

Copies of this Listing Base Prospectus are available to the public during normal business hours on any business day (except Saturdays, Sundays and public holidays in Hong Kong or Hungary, as applicable) at the specified offices of (1) the Trustee at The Hongkong and Shanghai Banking Corporation Limited, 1 Queen's Road Central, Central, Hong Kong SAR; and (2) Bank of China Limited Hungarian Branch (H-1051 Budapest, 7th József nádor tér) for so long as notes are capable of being issued under the Programme.

## RESPONSIBILITY STATEMENT

In accordance with section 29(1) of the Capital Markets Act, the Issuer accepts responsibility for the information contained in this Listing Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Listing Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of the Issuer:

Budapest, 14 August 2018



Mr Zhang Gang  
Deputy General Manager

acting under a power of attorney in the name and on  
behalf of  
Bank of China Limited, Hong Kong Branch



Mr Chen Luyang  
Deputy General Manager

acting under a power of attorney in the name and on  
behalf of  
Bank of China Limited, Hong Kong Branch



## LISTING STATEMENT

The Issuer declares that in accordance with the Issuer's resolution dated 16 March 2018, an application will be made to the BSE for the Notes to be listed on the BSE's regulated market, which is a regulated market for the purposes of the MiFID II (Directive 2014/65/EC).

Signed on behalf of the Issuer:

Budapest, 14 August 2018



Mr Zhang Gang  
Deputy General Manager

acting under a power of attorney in the name and on  
behalf of  
Bank of China Limited, Hong Kong Branch



Mr Chen Luyang  
Deputy General Manager

acting under a power of attorney in the name and on  
behalf of  
Bank of China Limited, Hong Kong Branch

## FORMS OF THE NOTES

### **Bearer Notes**

Each Series of Notes to be issued in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**", together with the Temporary Global Note, the "**Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note will be deposited on or around the issue date of the relevant Series of the Notes with a depositary or a common depositary for Euroclear as operator of the Euroclear System and/or Clearstream, Luxembourg and/or any other relevant clearing system and/or a sub-custodian for the CMU Service.

In the case of each Series of Bearer Notes, the relevant Final Terms will also specify whether the "**C Rules**" or the "**D Rules**" are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the C Rules nor the D Rules are applicable.

### ***Temporary Global Note exchangeable for Permanent Global Note***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Series of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership.

### ***Temporary Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the C Rules are applicable or that neither the C Rules nor the D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Series of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the D Rules are applicable, then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Series of the Notes upon, certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be issued in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms, provided that the Specified Denomination of the Notes is not defined to include U.S.\$ 100,000 (or its equivalent in any other currency) and integral multiples of U.S.\$ 1,000 (or its equivalent in any other currency) in excess thereof up to and including U.S.\$ 199,000 (or its equivalent in any other currency); or
- (b) at any time, if so specified in the relevant Final Terms, provided that the Specified Denomination of the Notes is not defined to include U.S.\$ 100,000 (or its equivalent in any other currency) and integral multiples of U.S.\$ 1,000 (or its equivalent in any other currency) in excess thereof up to and including U.S.\$ 199,000 (or its equivalent in any other currency); or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following event occurs:
  - (i) Euroclear or Clearstream, Luxembourg, the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (ii) any of the circumstances described in General Condition 15 (*Events of Default*) occurs in respect of any Note of the relevant Series.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the General Conditions, Payout Conditions (if applicable), the applicable Underlying Asset Conditions (if any) and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

***Legend concerning United States persons***

In the case of any Series of Bearer Notes having a maturity of more than 365 days, the Bearer Notes in global form, the Bearer Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE."

***Registered Notes***

Each Series of Notes in registered form ("**Registered Notes**") will be represented by either:

- (a) individual Note Certificates in registered form ("**Individual Note Certificates**"); or
- (b) one or more global note certificates ("**Global Note Certificate(s)**"),

in each case as specified in the relevant Final Terms.

Each Note to be cleared through Euroclear, Clearstream, Luxembourg or CMU Service and represented by a Global Note Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or in respect of CMU Notes, the CMU Operator and the relevant Global Note Certificate will be deposited on or about the issue date with the common depositary or, as the case may be, a sub-custodian for the CMU Service.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

***Global Note Certificate exchangeable for Individual Note Certificates***

If the relevant Final Terms specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates, each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms, provided that the Specified Denomination of the Notes is not defined to include U.S.\$ 100,000 (or its equivalent in any other currency) and integral multiples of U.S.\$ 1,000 (or its equivalent in any other currency) in excess thereof up to and including U.S.\$ 199,000 (or its equivalent in any other currency); or
- (b) at any time, if so specified in the relevant Final Terms, provided that the Specified Denomination of the Notes is not defined to include U.S.\$ 100,000 (or its equivalent in any other currency) and integral multiples of U.S.\$ 1,000 (or its equivalent in any other currency) in excess thereof up to and including U.S.\$ 199,000 (or its equivalent in any other currency); or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Note Certificate", then:
  - (i) in the case of any Global Note Certificate held by or on behalf of, Euroclear and/or Clearstream, Luxembourg, the CMU Service and/or any other clearing system, if Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

- (ii) in any case, if any of the circumstances described in General Condition 15 (*Events of Default*) occurs in respect of any Note of the relevant Series.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding).

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the General Conditions, Payout Conditions (if applicable), the applicable Underlying Asset Conditions (if any) (in each case as defined below) and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

## GENERAL TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the general terms and conditions of the Notes (the "General Conditions") which, together with the Payout Conditions (if applicable) and the applicable Underlying Asset Conditions (if any), as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form".*

### 1. Introduction

- (a) **Programme:** Bank of China Limited (the "**Bank**"), acting through its Hong Kong Branch has established a structured notes programme (the "**Programme**") for the issuance of up to U.S.\$2,000,000,000 in aggregate principal amount of notes (the "**Notes**") to be issued by the Bank's Hong Kong Branch (the "**Issuer**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes issued by the Issuer (as defined below). One or more Tranches of Notes will be the subject of a pricing supplement (the "**Final Terms**"). Under the Programme the Issuer may from time to time issue Notes that will be listed on the Budapest Stock Exchange and this Listing Base Prospectus constitutes a Base Prospectus with respect to such Notes for the purposes of the Prospectus Directive and the Prospectus Regulation.
- (c) **Terms and Conditions:** The terms and conditions of the Notes (the "**Terms and Conditions**" or the "**Conditions**") comprise the following:
  - (i) these General Conditions;
  - (ii) the terms and conditions set out under the section "Payout Conditions" (the "**Payout Conditions**"), if any, as specified to be applicable in the relevant Final Terms; and
  - (iii) the Underlying Asset Conditions (the "**Underlying Asset Conditions**"), if any, as specified to be applicable in the relevant Final Terms,

in each case, as supplemented, amended and/or replaced by the relevant Final Terms in relation to the Notes.

In the event of any inconsistency between any of the General Conditions, the applicable Payout Conditions, the applicable Underlying Asset Conditions and the relevant Final Terms, the prevailing term will be determined in accordance with the following order of priority (where , for the avoidance of doubt, item 1 prevails over items 2, 3 and 4, item 2 prevails over items 3 and 4, and so forth):

1. the relevant Final Terms;
2. the applicable Payout Conditions (if any);
3. the applicable Underlying Asset Conditions (if any); and
4. these General Conditions,

provided that any term preceded with the phrase "notwithstanding anything else in these Terms and Conditions" (or a phrase of similar import) shall prevail over any inconsistent term in any other part of the Conditions.

- (d) **Trust Deed:** The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 23 October 2015 as amended and restated by a deed dated 5 February 2018 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and The Hongkong and Shanghai Banking Corporation Limited as trustee (the "**Trustee**", which expression all persons for the time being trustee or trustees appointed under the Trust Deed).
- (e) **Agency Agreement:** The Notes are the subject of an agency agreement dated 23 October 2015 as amended and restated by a deed dated 5 February 2018 (the "**Agency Agreement**") between the Issuer and The Hongkong and Shanghai Banking Corporation Limited as (i) principal paying agent (the "**Principal Paying Agent**", which includes any successor principal paying agent appointed from time to time in connection with the Notes), (ii) registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), (iii) CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), (iv) paying agent (together with the Principal Paying Agent and the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), and (v) transfer agent (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions, references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

For the purposes of these General Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such reference shall be construed accordingly.

- (f) **The Notes:** The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these General Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing by the holder of the Notes to which such Final Terms relates and copies may be obtained from the Specified Office of each of the Paying Agents and Transfer Agents.
- (g) **Summaries:** Certain provisions of these General Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of the Paying Agents and the principal office in Hong Kong of the Principal Paying Agent.

## 2. Interpretation

- (a) **Definitions:** In these General Conditions the following expressions have the following meanings:

"**Accounting Policy Change Event**" means, in respect of any Series of Notes, that a change has occurred in any accounting, standards, treatment or principles relevant to the Issuer that has occurred after the Trade Date for such Notes, which the Calculation Agent determines has a material effect on

the Issuer (which includes, without limitation, any change to the accounting treatment of the Hedge Positions in respect of such Notes).

"**Accrual Yield**" has the meaning given in the relevant Final Terms.

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms.

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms.

"**Alternate Currency**" means the currency specified as such in the relevant Final Terms.

"**Banking Event**" means a declaration of a banking moratorium or any suspension, waiver, deferral or repudiation of payments by banks with respect to indebtedness or deposits in the Relevant Jurisdiction; the imposition by any Issuer Governmental Authority of any moratorium on or any suspension, waiver, deferral, repudiation or required rescheduling of, or the required approval of, the payment of any amount of principal, interest or other amount of indebtedness of banks, or restriction on withdrawal of any deposited funds from banks, in the Relevant Jurisdiction; any general disruption in the bank payments system in the Relevant Jurisdiction which prevents banks from receiving or paying in the Specified Currency or the Alternate Currency; or any condition created by or resulting from any action or failure to act by an Issuer Governmental Authority which, in the opinion of the Calculation Agent, has an analogous effect.

"**Broken Amount**" means the amount specified as such in the relevant Final Terms.

"**Business Day**", other than in General Condition 3(g) (*Registration and delivery of Note Certificates*) means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre, provided that if the Additional Business Centre is specified in the relevant Final Terms to be or to include TARGET, then a Business Day shall also be a TARGET Settlement Day; and
- (iii) for the purposes of Notes denominated in Renminbi only, any day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that



is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

**"Calculation Agent"** means Bank of China Limited or such other Person, in each case as specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the Conditions and/or making the relevant determinations as may be specified in the Conditions.

**"Calculation Amount"** has the meaning given in the relevant Final Terms.

**"Change in Law"** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedge Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Entity).

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

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note.

**"Currency Event"** means, the occurrence of any event or existence of any condition (including without limitation, any such event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of, or any change in or

amendment to, any law, rule or regulation by any Issuer Governmental Authority) that generally makes it impossible, illegal or impracticable, or materially hinders the ability of a non-resident of the Relevant Jurisdiction, (a) to convert the Specified Currency into the Alternate Currency or vice versa through customary legal channels; or (b) to effect currency transactions on terms as favourable as those available to residents of the Relevant Jurisdiction; or (c) to transfer any funds (i) from accounts inside the Relevant Jurisdiction to accounts outside the Relevant Jurisdiction; or (ii) between accounts inside the Relevant Jurisdiction, except to the extent of any such restrictions or conditions already in force and applicable to non-residents of the Relevant Jurisdiction as of the date on which the applicable Notes have been issued.

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these General Conditions, Payout Conditions, Underlying Asset Conditions or the relevant Final Terms and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) where the Calculation Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
- (ii) if **"Actual/365"** or **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

Where:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

Where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**Early Redemption Amount**" means an amount determined by the Calculation Agent on any relevant day on or preceding the due date for the early redemption or settlement of the Notes, representing the fair market value of such Notes taking into account all factors which the Calculation Agent determines relevant (including, if applicable, any accrued interest) less all costs incurred by the Issuer or any affiliate in connection with such early redemption or settlement, including, without limitation, any costs to the Issuer associated with unwinding any funding relating to the Notes, any costs associated with unwinding any underlying related hedging arrangements, and all other expenses related thereto, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

"**Extraordinary Resolution**" has the meaning ascribed to it in the Trust Deed.

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms and the applicable Payout Conditions (if any).

"**First Interest Payment Date**" means the date specified as such in the relevant Final Terms, subject to any adjustment in accordance with the Conditions.

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms.

"**Group**" means the Bank and its subsidiaries taken as a whole.

"**Hedging Disruption**" means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"**Hedging Entity**" means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Notes and/or Reference Assets in respect of the Issuer's obligations under the Notes.

"**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or

arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the Notes.

**"Holder"**, in the case of Bearer Notes, has the meaning given in General Condition 3(b) (*Form, Denomination, Title and Transfer-Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in General Condition 3(d) (*Form, Denomination, Title and Transfer-Title to Registered Notes*).

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

**"Interest Amount"** means, in respect of an Interest Period or any other period or an Interest Payment Date, the amount of interest payable for such period or on such Interest Payment Date as determined or calculated in accordance with the Conditions and/or as specified in the relevant Final Terms.

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

**"Interest Determination Date"** has the meaning given in the relevant Final Terms.

**"Interest Payment Date"** means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the Conditions and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date, and, if the relevant Final Terms specifies that the Interest Periods, or particular Interest Periods shall be (i) "Adjusted", then each Interest Period shall commence on or end on, as the case may be, the relevant Interest Payment Date after all applicable adjustments to such Interest Payment Date pursuant to the Conditions, or (ii) "Unadjusted", then each Interest Period shall commence on or end on, as the case may be, the date on which the relevant Interest Payment Date is scheduled to fall, disregarding all applicable adjustments to such Interest Payment Date pursuant to the Conditions.

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) unless otherwise specified in the relevant Final Terms.

**"Issue Date"** means the date on which the relevant Notes are issued, as specified in the relevant Final Terms.

**"Issuer"** means Bank of China Limited, Hong Kong Branch.

**"Issuer Governmental Authority"** means (i) any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), (ii) any court, tribunal, administrative or other supranational authority or (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including the central bank) of the Issuer or any entity of the Group or some or all of its obligations or (iv) any other authority which is analogous to any of the entities specified in (i) to (iii).

**"Issuer Governmental Event"** means expropriation, confiscation, freezing, requisition, nationalisation or other action by any Issuer Governmental Authority, which directly or indirectly deprives the Issuer or any entity of the Group of any of its assets (including rights to receive payments).

**"Macau"** means the Macau Special Administrative Region of the People's Republic of China;

**"Margin"** has the meaning given in the relevant Final Terms.

**"Material Subsidiary"** means a Subsidiary of the Issuer whose total assets or total revenue as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which the audited financial statements relate, account for five per cent. or more of the consolidated assets or consolidated revenue of the Issuer as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to another Subsidiary of the Issuer, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer.

**"Maturity Date"** means the date specified as such in the relevant Final Terms, subject to adjustments in accordance with the terms of the applicable Conditions.

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms.

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms.

**"Noteholder"**, in the case of Bearer Notes, has the meaning given in General Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in General Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*).

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, and/or determined in accordance with, the Conditions and/or the relevant Final Terms.

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, and/or determined in accordance with, the Conditions and/or the relevant Final Terms.

**"Optional Redemption Date (Call)"** means the date(s) specified as such in the relevant Final Terms, subject to adjustments in accordance with the terms of the applicable Conditions.

**"Optional Redemption Date (Put)"** means the date(s) specified as such in the relevant Final Terms, subject to adjustments in accordance with the terms of the applicable Conditions.

**"Original Primary Rate"** means any Reference Rate or ISDA Rate specified in the relevant Final Terms or calculated or determined in accordance with the provisions of the Conditions or the relevant Final Terms.

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in foreign currencies; and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and
  - (B) in the case of payment by transfer to an account, (a) a TARGET Settlement Day and (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre provided that if the Additional Financial Centre is specified in the relevant Final Terms to be or to include TARGET, then a Payment Business Day shall also be a TARGET Settlement Day.

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

**"PRC"** means, for the purpose of the Conditions, the People's Republic of China excluding Hong Kong, Macau and Taiwan.

**"Principal Financial Centre"** means, unless otherwise specified in the relevant Final Terms, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such member state of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to Australian dollars, it means Sydney;
- (iii) in relation to New Zealand dollars, it means Auckland; and
- (iv) in relation to Renminbi, it means Hong Kong.

**"Public External Indebtedness"** means any indebtedness of the Issuer (or, for the purposes of General Condition 15 (*Events of Default*), any Subsidiary), or any guarantee or indemnity by the Issuer of indebtedness, for money borrowed which, (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of

being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder.

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder.

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of the Conditions and/or the relevant Final Terms.

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Payout Conditions (if applicable) and/or the relevant Final Terms.

**"Reference Asset"** means the Underlying Asset (or such other asset) specified as such in the relevant Final Terms.

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate.

**"Reference Price (Zero Coupon)"** has the meaning given in the relevant Final Terms.

**"Reference Rate"** has the meaning given in the relevant Final Terms;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**"Relevant Date"** means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the



Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms.

"**Relevant Jurisdictions**" means the jurisdiction(s) specified as such in the relevant Final Terms.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" has the meaning given in the relevant Final Terms.

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Specified Currency**" means the currency or currencies specified as such in the relevant Final Terms.

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms.

"**Specified Office**" has the meaning given in the Agency Agreement.

"**Specified Period**" has the meaning given in the relevant Final Terms.

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

- (i) of which the first Person controls or has the power to control, 50 per cent. or more of the share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such person; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

"**Talon**" means a talon for further Coupons.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, as determined by the Calculation Agent.

"**Tax Jurisdiction**" means the PRC and the relevant jurisdiction of the Issuer, or in each case any political subdivision or any authority thereof or therein having power to tax payments made by the Issuer of principal or interest on the Notes or Coupons.

"**Trade Date**" means the date specified as such in the relevant Final Terms.

"**Underlying Asset**" means the asset or assets specified as such in the relevant Final Terms, and may be a Bond, a Loan, a Total Return Swap, a Cross Currency Swap, or a Credit Default Swap (each as defined in the Payout Conditions), or such other asset as defined in the relevant Final Terms.

"**Underlying Asset Conditions**" means the Bond Linked Conditions, the Loan Linked Conditions, the CCS Linked Conditions, the TRS Linked Conditions and the CDS Linked Conditions, or such other conditions specified as set out in the relevant Final Terms.

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these General Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under General Condition 14 (*Taxation*), any undertaking given in addition to or substitution for General Condition 14 (*Taxation*) pursuant to the Trust Deed, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these General Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under General Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these General Conditions;
- (vi) references to Notes being "**outstanding**" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in General Condition 2(a) (*Interpretation - Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes; and
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.
- (ix) unless otherwise specified or the context otherwise requires, all references to "**U.S.\$**", "**USD**" and "**U.S. dollars**" are to United States dollars; all references to "**HK\$**" and "**HKD**" are to Hong Kong dollars; all references to "**pounds sterling**" and "**£**" are to the currency of the United Kingdom; all references to "**euro**" and "**€**" are to the lawful single currency of the member states of the European Union that have adopted and continue to retain a common

single currency through monetary union in accordance with European Union treaty law (as amended from time to time); all references to "yen" are to Japanese yen; all references to "Renminbi", "RMB" and "CNY" are to the currency of the PRC; all references to "United States" and "U.S." are to the United States of America; all references to "China", "Mainland China" and the "PRC" are to the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; all references to "PRC Government" are to the government of the PRC; all references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "Macau" are to the Macau Special Administrative Region of the People's Republic of China; and all references to "United Kingdom" or "U.K." are to the United Kingdom of Great Britain and Northern Ireland.

### 3. **Form, Denomination, Title and Transfer**

- (a) **Bearer Notes:** Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) **Title to Bearer Notes:** Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "Holder" means the holder of such Bearer Note and "Noteholder" and "Couponholder" shall be construed accordingly.
- (c) **Registered Notes:** Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) **Title to Registered Notes:** The Registrar will maintain a register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a "Note Certificate") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the register (the "Register"). In the case of Registered Notes, "Holder" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Noteholder" shall be construed accordingly.
- (e) **Ownership:** The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (f) **Transfers of Registered Notes:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, 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 reasonably 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 Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the

transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

- (g) **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes 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 paragraph, "**business day**" means a day 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.
  - (h) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as 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.
  - (i) **Closed periods:** Noteholders may not require transfers to be registered:
    - (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;
    - (ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to General Condition 10(b) (*Redemption at the option of the Issuer*), unless otherwise specified in the relevant Final Terms or in any applicable term of the Payout Conditions; and
    - (iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with General Condition 10(d) (*Redemption of the Notes at the option of the Noteholders*).
  - (j) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.
4. **Status:** The Notes and Coupons constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
5. **Fixed Rate Note Provisions**
- (a) **Application:** This General Condition 5 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
  - (b) **Accrual of Interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in General Conditions 12 (*Payments - Bearer Notes*) and 13 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this General Condition 5 (as well after as before judgment) until whichever is the

earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) **Fixed Coupon Amount:** Where a Fixed Coupon Amount is specified in the relevant Pricing Supplement, the amount of interest payable on an Interest Payment Date in respect of each nominal amount of each Note equal to the Calculation Amount for the Interest Period ending immediately prior to the day on which such Interest Payment Date is scheduled to fall shall be the Fixed Coupon Amount, provided that if a Broken Amount is specified in the relevant Pricing Supplement in respect of an Interest Payment Date, the Interest Amount payable on such Interest Payment Date in respect of each nominal amount of each Note equal to the Calculation Amount shall be the Broken Amount.
- (d) **Calculation of Interest Amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 6. Floating Rate Note Provisions

- (a) **Application:** This General Condition 6 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in General Conditions 12 (*Payments - Bearer Notes*) and 13 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this General Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

- (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and a rate determined by the Calculation Agent in good faith and in a commercially reasonable manner having regard to comparable benchmarks then available.

- (v) notwithstanding the foregoing, if the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as "CNH HIBOR":
- (A) the Rate of Interest for each Interest Period will, subject as provided below, be either:
    - (1) the offered quotation; or
    - (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on the Interest Determination Date in question as determined by the Calculation Agent.

- (B) and the Relevant Screen Page is not available or, if sub-paragraph 6(c)(v)(A)(1) above applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph 6(c)(v)(A)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Hong Kong office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.15 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent. If all four Reference Banks provide the Calculation Agent with such offered quotations, the highest (or, if there is more than one such highest

quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

- (C) if sub-paragraph 6(c)(v)(B) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in CNY deliverable to a bank account in Hong Kong (or such other financial centre as specified in the relevant Pricing Supplement) ("CNH") for a period equal to that which would have been used for the Reference Rate by leading banks in the Hong Kong inter-bank market. If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest shall be (i) the offered rate for deposits in CNH for a period equal to that which would have been used for the Reference Rate by a bank, or (ii) the arithmetic mean of the offered rates for deposits in CNH for a period equal to that which would have been used for the Reference Rate by two or more banks, in each case as informed to the Calculation Agent by such bank or banks (which shall be such bank or banks being in the opinion of the Bank suitable for such purpose) as being quoted by each such bank at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date to leading banks in the Hong Kong inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period); and
- (D) in no event shall the Rate of Interest be less than zero per cent. per annum.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the London inter-bank offered rate ("**LIBOR**"), (y) the Eurozone inter-bank offered rate ("**EURIBOR**") or (z) the Hong Kong inter-bank offered rate ("**HIBOR**") for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Calculation of other amounts:** If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.
- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications, etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this General Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders 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.
- (j) **Substitute or Successor Rate of Interest:** If the relevant Pricing Supplement specify "**Substitute or Successor Rate of Interest**" to be applicable, and the Calculation Agent determines that an Original Primary Rate has been discontinued or has otherwise ceased to exist, the Calculation Agent shall, in its sole and absolute discretion, select a substitute or successor rate of interest that the Calculation Agent determines is comparable to the Original Primary Rate to replace the Original Primary Rate, and shall replace the Original Primary Rate by such substitute or successor rate of interest with effect



from such date as determined by the Calculation Agent, and such substitute or successor rate of interest will be deemed to be the Original Primary Rate with effect from such date. The Calculation Agent may make such adjustments that it determines to be appropriate, if any, to any one or more of the terms of the Notes, including without limitation, any variable or term relevant to the settlement or payment under the Notes, as the Calculation Agent determines appropriate to account for such replacement.

- (k) **Compliance with Article 29(2) of the Benchmark Regulation:** The relevant Final Terms with respect to the Notes shall set out as to whether the administrator of the Reference Rate, if applicable, is registered in the register of administrators and benchmarks as established by ESMA in accordance with Article 36 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

#### 7. **Interest linked to one or more Underlying Asset Conditions**

- (a) **Application:** This General Condition 7 is applicable to the Notes only if "Interest linked to one or more Underlying Asset Conditions" is specified in the relevant Final Terms as being applicable.
- (b) **Accrual of Interest:** The Notes bear interest from the Interest Commencement Date as set out in the relevant Final Terms.
- (c) **Calculation of Interest:** The amount of interest linked to any Reference Asset or variable will be calculated in respect of each nominal amount of each Note equal to the Calculation Amount, as set out in the relevant Final Terms.
- (d) **Adjustments:** Adjustments to the Conditions applicable to the Notes will be made in accordance with the Underlying Asset Conditions and the relevant Final Terms.

#### 8. **Zero Coupon Note Provisions**

- (a) **Application:** This General Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price (Zero Coupon); and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price (Zero Coupon) on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 9. **Dual Currency Note Provisions**

- (a) **Application:** This General Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

- (b) **Rate of Interest:** If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled and unless otherwise specified in the Payout Conditions, the relevant Underlying Asset Conditions and the relevant Final Terms, each Note will be redeemed at its Final Redemption Amount on the Maturity Date, subject as provided in General Conditions 12 (*Payments - Bearer Notes*) and 13 (*Payments - Registered Notes*).

- (b) **Redemption at the option of the Issuer:** If "Call Option" is specified in the relevant Final Terms as being applicable:

- (i) the Notes may be redeemed at the option of the Issuer in accordance with the terms as specified in the relevant Final Terms; or
- (ii) the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant **Final Terms**, in part, on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer having given:
- (A) not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with General Condition 22 (*Notices*); and
- (B) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

in each case, specifying the date for redemption, or such other notice as specified in the relevant Final Terms. Having given such notices, the Issuer shall be obliged to redeem all or, as the case may be, only some of the Notes then outstanding on any Optional Redemption Date (Call) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date (Call), as set out in the relevant Final Terms, in effect at the applicable time.

- (c) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with General Condition 10(b) (*Redemption and Purchase - Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying Agent approves and in such manner as the Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in General Condition 10(b) (*Redemption and Purchase - Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (d) **Redemption of the Notes at the option of the Noteholders:** If "Put Option" is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option

Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this General Condition 10(d), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this General Condition 10(d), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this General Condition 10(d), the depositor of such Note and not the Paying Agent shall be deemed to be the Holder of such Note for all purposes. Any Put Option Notice given by a Holder pursuant to this General Condition 10(d) shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred in which event such Holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this General Condition 10(d) and instead to declare such Note forthwith due and payable pursuant to General Condition 15 (*Events of Default*).

- (e) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price (Zero Coupon); and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price (Zero Coupon) from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this General Condition 10(e) or, if none is so specified, a Day Count Fraction of 30E/360.

- (f) **Early Redemption for Illegality:** The Issuer may, at its option, redeem Notes early (on giving not less than seven nor more than 30 days' irrevocable notice to the Holders (or such other notice period as may be specified in the relevant Final Terms)) in the event that it determines in good faith in its sole and absolute discretion that its compliance with or its performance of its obligations under the terms of the Trust Deed or Notes has become unlawful in whole or in part as a result of (i) any change in financial, political or economic conditions or currency exchange rates, or (ii) compliance in good faith by the Issuer or any relevant subsidiaries or affiliates with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative or judicial authority or power or in interpretation thereof.

In such event, the Issuer will cause to be paid to each Holder in respect of each such Note held by it the Early Redemption Amount.

- (g) **Cancellation:** All Notes which are redeemed will forthwith be cancelled (together with Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to General Condition 10(h) (*Purchase*) (together

with all Coupons and Talons cancelled therewith) shall be forwarded to the Paying Agent and cannot be reissued or resold.

- (h) **Purchase:** The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of *General Condition 19(a)* (Meetings of Noteholders; Modification and Waiver - Meetings of Noteholders).
- (i) **Other redemption:** If any other redemption event or mechanism is specified in the applicable Final Terms in respect of any Note, such Note will be redeemed by the Issuer on such date(s) and at such amount(s) in the circumstances and manner specified in the applicable Final Terms.

## 11. Issuer Disruption Events

- (a) Each of the following events shall be an Issuer Disruption Event in respect of the Notes, if such event is specified to be applicable in the relevant Final Terms:
  - (i) Banking Event;
  - (ii) Currency Event;
  - (iii) Issuer Government Event;
  - (iv) Accounting Policy Change Event; and
  - (v) such other event specified as such in the relevant Final Terms.
- (b) If the relevant Final Terms specifies one or more Issuer Disruption Events to be applicable and if the Calculation Agent determines that an Issuer Disruption Event has occurred, then the Calculation Agent shall, in its reasonable commercial discretion:
  - (i) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Issuer Disruption Events; or
  - (ii) determine and give notice to Holders that the Notes shall be redeemed on a date determined by the Calculation Agent, in which event the Issuer shall redeem the Notes and cause to be paid to each Holder in respect of each Note held by it an amount equal to the Early Redemption Amount.

## 12. Payments - Bearer Notes

This General Condition 12 is only applicable to Bearer Notes.

- (a) **Principal:** Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account

denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

- (b) **Interest:** Payments of interest shall, subject to General Condition 12(h) (*Payments - Bearer Notes - Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in General Condition 12(a) (*Payments - Bearer Notes - Principal*) above.

*Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Trust Deed) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Trust Deed) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment*

- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of General Condition 14 (*Taxation*), and (ii) notwithstanding the provisions of General Condition 14 (*Taxation*), any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (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 General Condition 14 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Deductions for unmatured Coupons:** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in General Condition 12(a) (*Payments - Bearer Notes - Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) **Unmatured Coupons void:** If the relevant Final Terms specifies that this General Condition 12(f) is applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to General Condition 10(b) (*Redemption and Purchase - Redemption at the option of the Issuer*), General Condition 10(d) (*Redemption and Purchase - Redemption of the Notes at the option of the Noteholders*) or General Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) **Payments on Payment Business Days:** If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) **Payments other than in respect of matured Coupons:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by General Condition 12(c) (*Payments - Bearer Notes-Payments in New York City*) above).
- (i) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to General Condition 16 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

### 13. **Payments - Registered Notes**

This General Condition 13 is only applicable to Registered Notes.

- (a) **Principal:** Payments of principal shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) **Interest:** Payments of interest shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong, and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

*Payments of principal and interest in respect of Registered Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Trust Deed) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Trust Deed) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of General Condition 14 (*Taxation*), and (ii) notwithstanding the provisions of General Condition 14 (*Taxation*), any withholding or deduction required pursuant to an agreement described in Section 1471(b) of 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 General Condition 14 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) **Payments on Payment Business Days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case

of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this General Condition 13 arriving after the due date for payment or being lost in the mail.

- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Note, 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 Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) **Record date:** Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

#### 14. **Taxation**

- (a) All payments of principal and interest (or such other amounts as may be specified in the relevant Final Terms) in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made net of any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of each Tax Jurisdiction. In that event, the Issuer shall have no obligation to pay any additional amounts to compensate any Noteholders or Couponholders for such withholding or deduction.
- (b) If the Issuer becomes subject at any time to any taxing jurisdiction other than the Tax Jurisdiction(s), references in these Conditions to the Tax Jurisdiction(s) shall be construed as references to the Tax Jurisdiction(s) and/or such other jurisdiction.

#### 15. **Events of Default**

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes 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 Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with accrued interest (if any) without further action or formality:

- (i) *Non-Payment:* the Issuer fails to pay the principal of, or any interest on, any of the Notes when due and such failure continues for a period of 30 days;
- (ii) *Breach of Other Obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Trust Deed or the Agency Agreement and such default remains unremedied for 45 days after written notice has been delivered to the Issuer;
- (iii) *Insolvency:* the Issuer or any of its Material Subsidiaries is insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or



makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Material Subsidiaries; or

- (iv) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer ceases to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Noteholders, or (b) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries.

#### 16. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

#### 17. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the 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 Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

#### 18. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents; provided, however, that:

- (i) the Issuer shall at all times maintain a principal paying agent and a registrar;
- (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (iii) the Issuer shall at all times maintain a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU Service; and
- (iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

19. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. 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 Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of Notes outstanding 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 Noteholders.

- (b) **Modification and waiver:** The Trustee may, but shall not be obliged to, without the consent or sanction of the Noteholders or Couponholders, agree to any modification of the Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which 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 or sanction of the Noteholders or Couponholders authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if,

in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or determination shall be notified to the Noteholders as soon as practicable thereafter.

- (c) **Substitution of the Issuer:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require (without the consent of the Noteholders), to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, provided that such substitution would not, in the opinion of the Trustee (determined in its absolute discretion), be materially prejudicial to the interests of the Noteholders. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee (determined in its absolute discretion), be materially prejudicial to the interests of the Noteholders. Any substitution agreed by the Trustee pursuant to this General Condition 19(c) shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with General Condition 22 (*Notices*).

## 20. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or pre-funded and/or provided with security to its satisfaction.

No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

## 21. **Further Issues**

The Issuer shall be at liberty from time to time (but subject always to the provisions of the Trust Deed) without the consent of the Noteholders or Couponholders to create and issue further Notes (whether in bearer or registered form) having the same terms and conditions as the Notes of any Series (or the same in all respects save for the issue date and issue price thereof, amount and date of the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes of a particular Series.

## 22. **Notices**

- (a) **Bearer Notes:** Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in Hong Kong or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

- (b) **Registered Notes:** Notices to the Holders of Registered Notes shall 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 Notes are represented by a Global Note or a Global Note Certificate and such Global Note or Global Note Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series 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 the Conditions or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the Persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice.*

### 23. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

### 24. **Calculation Agent, Determination, Disclaimer of Liability and other terms**

- (a) **Status of Calculation Agent:** The Calculation Agent acts solely as agent of the Issuer and does not assume any obligations or duty to, or relationship of agency or trust for or with, any Holder. In making any determination or exercising any discretion, the Calculation Agent is not obliged to consider the interests of any Holder.
- (b) **Standard of care:** Any matter that falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including, where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), shall be decided upon by the Calculation Agent or such other person as the case may be in good faith and in a commercially reasonable manner (unless otherwise explicitly provided), taking into account any market factors and other factors as the Calculation Agent or such other person deems relevant including, without limitation, the cost of unwinding any hedge or related underlying position of the Issuer or its affiliates in respect of its obligations under the Notes.
- (c) **Disclaimer of liability:** No liability shall attach to the Calculation Agent, any of the Holders, the Issuer or the other Agents for good faith errors or omissions in the Calculation Agent's calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise, and no liability shall attach to any of the Issuer or any of the other Agents for any calculation or determination made by the Calculation Agent in respect of the Notes.

- (d) **Delegation:** The calculation functions and other discretionary actions (including, but not limited to duties to make determinations) required of the Calculation Agent may be delegated to any such person as the Calculation Agent, in its sole and absolute discretion, may decide.
- (e) **Calculations and determinations all binding:** All calculations and determinations made by the Calculation Agent in respect of the Notes shall be final and binding on the Issuer and Holders in the absence of manifest error.

## 25. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up) and (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 26. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes, the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law except that provisions in the applicable Final Terms are governed by, and shall be construed in accordance with such law as specified in the applicable Final Terms.
- (b) **Jurisdiction:** The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes) and (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient.
- (c) **Waiver of immunity:** To the extent that the Issuer has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (including any immunity from jurisdiction or from service of process or, except as provided below, from any execution to satisfy a final judgment or from attachment or in aid of such execution or otherwise) with respect to itself or any of its property, the Issuer irrevocably waives, to the fullest extent permitted under applicable law, any such right of immunity or claim thereto which may now or hereafter exist, and agrees not to assert any such right or claim in any action or proceeding against it arising out of or based on this agreement, the Notes or the Trust Deed.
- (d) **Consent to enforcement, etc.:** The Issuer generally consents in respect of any proceedings anywhere to the giving of any relief or the issue and service on it of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those proceedings.

## 27. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.



## PAYOUT CONDITIONS

The following conditions (the "**Payout Conditions**") shall apply to Notes (unless otherwise specified in the Payout Conditions below) to the extent specified in the relevant Final Terms, and subject to any amendments or modifications specified in the applicable Final Terms.

### 1. **Final Redemption Payouts**

1.1 If the relevant Final Terms does not specify that any provision in Payout Condition 1 (other than this Payout Condition 1.1) shall be applicable, then the Final Redemption Amount shall be the amount specified in, or the amount determined in accordance with the provisions set out in, the relevant Final Terms.

1.2 Where "**Final Redemption Specific Payout 1**" is specified to apply in the relevant Pricing Supplement, unless the Notes have previously been redeemed or purchased and cancelled in accordance with the Conditions, all obligations of the Issuer under the Notes shall terminate on the Maturity Date, save that (i) the Issuer shall, in respect of each nominal amount of each Note equal to the Nominal Amount, pay on the Maturity Payment Date the Final Redemption Amount, which shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the formula below:

$$\text{Max} \{[(\text{RA}(\text{FRA}) \times \text{FX}(\text{FR})) - \text{AC}(\text{FR}) - \text{Fees}(\text{FR}) - \text{Taxes}]; 0\} \times \frac{1}{\text{NN}}; \text{ and}$$

(ii) the Issuer shall also pay on the Maturity Payment Date any other payment amounts in respect of payment obligations under the Payout Conditions or the relevant Pricing Supplement which have accrued on or prior to the Maturity Date but have remained unpaid on the Maturity Date.

1.3 Where "**Final Redemption Specific Payout 2**" is specified to apply in the relevant Final Terms, unless the Notes have previously been redeemed or purchased and cancelled in accordance with the Conditions, all obligations of the Issuer under the Notes shall terminate on the Maturity Date, save that (i) the Issuer shall, in respect of each nominal amount of each Note equal to the Nominal Amount, pay on the Maturity Payment Date the Final Redemption Amount, which shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the formula below:

$$\text{Max}\{[(\text{RA}(\text{FRA}) \times \text{FX}(\text{FR})) - \text{AC}(\text{FR}) - \text{Fees}(\text{FR}) - \text{Taxes}) + \text{SRA}(\text{FRA})]; 0\} \times \frac{1}{\text{NN}}; \text{ and}$$

(ii) the Issuer shall also pay on the Maturity Payment Date any other payment amounts in respect of payment obligations under the Payout Conditions or the relevant Final Terms which have accrued on or prior to the Maturity Date but have remained unpaid on the Maturity Date.

### 2. **Optional Redemption**

2.1 If the relevant Final Terms does not specify that any provision in this Payout Condition 2 (other than this Payout Condition 2.1) shall be applicable, then whether the Notes shall be subject to optional redemption, and, if so, any amount payable, shall be as specified in, and/or determined in accordance with the provisions set out in, the relevant Final Terms.

Where "**Optional Redemption Specific Payout 1**" is specified to apply in the relevant Pricing Supplement, then, unless the Notes have previously been redeemed or purchased and cancelled in accordance with the Conditions, if the Calculation Agent determines, in its sole and absolute discretion, that a Potential Optional Redemption Event has occurred on any day falling in the Potential Optional Redemption Event Observation Period, the obligations of the Issuer under the

Notes may be terminated at the option of the Issuer by giving an Optional Redemption Notice to the Holders (whether or not the relevant Potential Optional Redemption Event is then continuing on the date such Optional Redemption Notice is given), and, if such Optional Redemption Notice is given, all obligations of the Issuer under the Notes shall terminate on the Optional Redemption Date, save that (i) the Issuer shall pay on the Optional Redemption Payment Date, in respect of each Note, the "**Optional Redemption Amount**", which shall be, in respect of each nominal amount of each Note equal to the Nominal Amount, an amount in the Specified Currency determined by the Calculation Agent in accordance with the formula below:

$$\text{Max} \{[(\text{RA}(\text{ORA}) \times \text{FX}(\text{OR})) - \text{AC}(\text{OR}) - \text{Fees}(\text{OR}) - \text{Taxes}]; 0\} \times \frac{1}{\text{NN}}; \text{ and}$$

(ii) the Issuer shall also pay on the Optional Redemption Payment Date any other payment amounts in respect of payment obligations under the Payout Conditions or the relevant Pricing Supplement which have accrued on or prior to the Optional Redemption Date but have remained unpaid on the Optional Redemption Date.

- 2.2 Where "**Optional Redemption Specific Payout 2**" is specified to apply in the relevant Final Terms, then, unless the Notes have previously been redeemed or purchased and cancelled in accordance with the Conditions, if the Calculation Agent determines, in its sole and absolute discretion, that a Potential Optional Redemption Event has occurred on any day falling in the Potential Optional Redemption Event Observation Period, the obligations of the Issuer under the Notes may be terminated at the option of the Issuer by giving an Optional Redemption Notice to the Holders (whether or not the relevant Potential Optional Redemption Event is then continuing on the date such Optional Redemption Notice is given), and, if such Optional Redemption Notice is given all obligations of the Issuer under the Notes shall terminate on the Optional Redemption Date, save that (i) the Issuer shall pay on the Optional Redemption Payment Date, in respect of each Note, the "**Optional Redemption Amount**", which shall be, in respect of each nominal amount of each Note equal to the Nominal Amount, an amount in the Specified Currency determined by the Calculation Agent in accordance with the formula below:

$$\text{Max}\{[(\text{RA}(\text{ORA}) \times \text{FX}(\text{OR})) - \text{AC}(\text{OR}) - \text{Fees}(\text{OR}) - \text{Taxes}) + \text{SRA}(\text{ORA})]; 0\} \times \frac{1}{\text{NN}}; \text{ and}$$

(ii) the Issuer shall also pay on the Optional Redemption Payment Date any other payment amounts in respect of payment obligations under the Payout Conditions or the relevant Final Terms which have accrued on or prior to the Optional Redemption Date but have remained unpaid on the Optional Redemption Date.

### 3. **Determination of Distribution Payment Date(s) and Distribution Amount**

- 3.1 If the relevant Final Terms does not specify that any provision in this Payout Condition 3 (other than this Payout Condition 3.1) shall be applicable, then whether any distribution amounts are payable and the amounts of any distribution amounts in respect of the Notes shall be as specified in, and/or determined in accordance with the provisions set out in, the relevant Final Terms.
- 3.2 Where "**Distribution Specific Payout 1**" is specified to apply in the relevant Pricing Supplement, then, if the Calculation Agent determines that a Reference Asset Distribution Date in respect of the Reference Asset falls on any day within the Reference Asset Distribution Observation Period, the "**Distribution Amount**" payable on the Distribution Payment Date corresponding to such Reference Asset Distribution Date, which shall be, in respect of each nominal amount of each Note equal to the Nominal Amount, an amount in the Specified Currency determined by the Calculation Agent in accordance with the formula below:



$$\text{Max}\{[(\text{RAD} \times \text{FX}(\text{DA})) - \text{AC}(\text{DA}) - \text{Fees}(\text{DA}) - \text{Taxes}]; 0\} \times \frac{1}{\text{NN}}$$

- 3.3 Where "**Distribution Specific Payout 2**" is specified to apply in the relevant Final Terms, then, if the Calculation Agent determines that a Reference Asset Distribution Date in respect of the Reference Asset falls on any day within the Reference Asset Distribution Observation Period, the "**Distribution Amount**" payable on the Distribution Payment Date corresponding to such Reference Asset Distribution Date, which shall be, in respect of each nominal amount of each Note equal to the Nominal Amount, an amount in the Specified Currency determined by the Calculation Agent in accordance with the formula below:

$$\text{Max}\{[(\text{RAD} \times \text{FX}(\text{DA})) - \text{AC}(\text{DA}) - \text{Fees}(\text{DA}) - \text{Taxes}) + \text{SRA}(\text{DA})]; 0\} \times \frac{1}{\text{NN}}$$

- 3.4 There shall be no amount payable on account of accrued interest if the Notes are redeemed early on a day other than a Distribution Payment Date.
- 3.5 In respect of each Reference Asset Distribution Amount, a Distribution Amount will be paid only if the Calculation Agent determines that a Reference Asset Relevant Party would actually receive payment of the Reference Asset Distribution Amount.

#### 4. **Definitions**

The following words and expressions shall have the following meanings when used in these Payout Conditions, the relevant Underlying Asset Condition (if any) and the relevant Final Terms:

"**Additional Costs**" means any incidental costs of any kind incurred during any relevant period in connection with maintaining any hedging transactions entered into by the Issuer and/or its Subsidiaries in connection with the Notes, as determined by the Calculation Agent.

"**Additional Costs (Distribution Amount)**" or "**AC(DA)**" means, in respect of any Reference Asset Distribution Date (the "**Relevant Reference Asset Distribution Date**"):

- (i) if the Relevant Reference Asset Distribution Date is the first Reference Asset Distribution Date, the Additional Costs incurred in respect of the period commencing on, and including, the Issue Date and ending on, but excluding, the Relevant Reference Asset Distribution Date; or
- (ii) if the Relevant Reference Asset Distribution Date is not the first Reference Asset Distribution Date, the Additional Costs incurred in respect of the period commencing on, and including, the Reference Asset Distribution Date immediately preceding the Relevant Reference Asset Distribution Date and ending on, but excluding, the Relevant Reference Asset Distribution Date,

each, as determined by the Calculation Agent.

"**Additional Costs (Early Redemption)**" or "**AC(ER)**" means, in respect of the Optional Redemption Valuation Date:

- (i) if there is a Reference Asset Distribution Date immediately preceding such Optional Redemption Valuation Date, the Additional Costs incurred in respect of the period commencing on, and including, such Reference Asset Distribution Date and ending on, but excluding, such Optional Redemption Valuation Date; or

- (ii) if there is no Reference Asset Distribution Date immediately preceding such Optional Redemption Valuation Date, the Additional Costs incurred in respect of the period commencing on, and including, the Issue Date and ending on, but excluding, such Optional Redemption Valuation Date.

**"Additional Costs (Final Redemption)"** or **"AC(FR)"** means in respect of the Maturity Date:

- (i) if there is no Reference Asset Distribution Date falling in the period commencing on, and including, the Issue Date and ending on, and including, the Reference Asset Final Settlement Date, the Additional Costs incurred in such period; or
- (ii) if there is at least one Reference Asset Distribution Date falling in the period commencing on, and including, the Issue Date and ending on, and including, the Reference Asset Final Settlement Date, the Additional Costs incurred in the period commencing on, and including the Reference Asset Distribution Date immediately preceding the Reference Asset Final Settlement Date to, and including, the Reference Asset Final Settlement Date,

each, as determined by the Calculation Agent.

**"Distribution Payment Date"** means, in respect of a Reference Asset Distribution Date, the fifth Business Day (or such other number of Business Days or other days specified in the relevant Final Terms) following such Reference Asset Distribution Date, or such other date specified as such in the relevant Final Terms.

**"Fees(DA)"** means an amount specified as such in the relevant Final Terms or calculated in the manner specified in the relevant Final Terms.

**"Fees(FR)"** means an amount specified as such in the relevant Final Terms or calculated in the manner specified in the relevant Final Terms.

**"Fees(OR)"** means an amount specified as such in the relevant Final Terms or calculated in the manner specified in the relevant Final Terms.

**"Final FX Valuation Date"** shall be the date specified as such in the relevant Final Terms.

**"FX(DA)"** means the Relevant FX Rate in respect of a Reference Asset Distribution Date, as determined by the Calculation Agent, or, if the relevant Final Terms specifies that the Relevant FX Rate is not applicable, one.

**"FX(FR)"** means the Relevant FX Rate in respect of the Final Valuation Date fixed on the Final FX Valuation Date, as determined by the Calculation Agent, or, if the relevant Final Terms specifies that the Relevant FX Rate is not applicable, one.

**"FX(OR)"** means the Relevant FX Rate in respect of the Optional Redemption FX Valuation Date, as determined by the Calculation Agent, or, if the relevant Final Terms specifies that the Relevant FX Rate is not applicable, one.

**"Maturity Payment Date"** means the date specified as such in the relevant Final Terms.

**"Max"** followed by a series of amounts (or values) inside brackets, means whichever is the greater of the amounts (or values) separated by a semi-colon inside those brackets.

**"Nominal Amount"** means an amount in the Specified Currency equal to the Specified Denomination, or such other amount as specified in the relevant Final Terms.

**"Number of Notes"** or **"NN"** means an amount determined by the Calculation Agent as equal to (i) the Aggregate Nominal Amount (as specified in the relevant Final Terms) divided by (ii) the Nominal Amount, or such other number specified in the relevant Final Terms.

**"Optional Redemption Date"** means the Optional Redemption Valuation Date, or such other date specified as such in the relevant Final Terms.

**"Optional Redemption FX Valuation Date"** shall be the Optional Redemption Valuation Date or such other date specified as such in the relevant Final Terms.

**"Optional Redemption Notice"** means, in respect of the occurrence of any Potential Optional Redemption Event, an irrevocable notice of such Potential Optional Redemption Event from the Issuer to the Holders, electing to redeem all outstanding Notes.

**"Optional Redemption Notice Date"** means, in respect of the occurrence of any Potential Optional Redemption Event, the date on which such Optional Redemption Notice relating to such Potential Optional Redemption Event is given to the Holders.

**"Optional Redemption Payment Date"** means the date specified as such in the relevant Final Terms.

**"Optional Redemption Valuation Date"** means the fifth Business Day (or such other number of Business Days or other days specified in the relevant Final Terms) following the Optional Redemption Notice Date, or such other date specified as such in the relevant Final Terms.

**"Potential Optional Redemption Event"** means, in respect of the Reference Asset for the Notes, the Potential Optional Redemption Events specified in and determined in accordance with the relevant Underlying Asset Conditions for such Reference Asset and the relevant Final Terms.

**"Potential Optional Redemption Event Observation Period"** means the period specified in the relevant Final Terms, or, if no period is specified, the period commencing on, and including, the Strike Date and ending on, but excluding, the Reference Asset Final Settlement Date.

**"Reference Asset"** means the Underlying Asset (or such other asset) specified as such in the relevant Final Terms.

**"Reference Asset Currency"** means, in respect of the Reference Asset in respect of the Notes, the currency specified as such in the relevant Final Terms for such Reference Asset.

**"Reference Asset Distribution Amount"** or **"RADA"** means, in respect of a Reference Asset, the amount of each payment or distribution of any kind (including, without limitation, principal, interest, fees, penalties, rights or property of any kind whatsoever) made in respect of the Reference Asset that the Calculation Agent, in its sole and absolute discretion, determines that a Reference Asset Relevant Party would actually receive under the Reference Asset on a Reference Asset Distribution Date, as determined by the Calculation Agent, provided that, any amount paid under the Notes pursuant to a Reference Asset Distribution Amount shall be excluded from the Final Redemption Amount or the Optional Redemption Amount, as is applicable.

**"Reference Asset Distribution Date"** means any day falling within the Reference Asset Distribution Observation Period on which a Reference Asset Relevant Party would receive a Reference Asset Distribution Amount, as determined by the Calculation Agent.

**"Reference Asset Distribution Observation Period"** means the period specified in the relevant Final Terms, or, if no period is specified, the period commencing on, and including, the Strike Date and ending on, but excluding, the Reference Asset Final Settlement Date.

**"Reference Asset Early Redemption Price"** means, in respect a Reference Asset and the Optional Redemption Valuation Date, an amount determined in accordance with the following procedure:

- (i) the Calculation Agent shall request three (or such other number as specified in the relevant Final Terms) dealers in the relevant market to provide its all-in firm bid price (expressed as a percentage) to purchase a principal amount of the Reference Asset equal to the Reference Asset Original Amount or unwind price (expressed as a percentage, and which may be positive or negative or zero) in respect of a principal amount of the Reference Asset equal to the Reference Asset Original Amount (as is applicable to such Reference Asset) on the Optional Redemption Valuation Date (in each case, a **"Quotation"** and together, the **"Quotations"**); and
- (ii) if two or more Quotations are obtained, the "Reference Asset Early Redemption Price" means the highest Quotation obtained, or, if applicable, the Quotation which would result in the highest payout to the Holders; or
- (iii) if only one Quotation is obtained, the "Reference Asset Early Redemption Price" means such Quotation obtained; or
- (iv) if no Quotation is obtained, the "Reference Asset Early Redemption Price" shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

**"Reference Asset (Final Redemption Amount)"** or **"RA(FRA)"** means an amount in the Reference Asset Currency determined by the Calculation Agent to be equal to the gross amount that the Reference Asset Relevant Party would actually receive under the Reference Asset on the Reference Asset Final Settlement Date, as determined by the Calculation Agent.

**"Reference Asset Final Settlement Date"** means, in respect of the Reference Asset for the Notes that is:

- (i) an Underlying Asset that is a Bond, the Relevant Bond Maturity Date;
- (ii) an Underlying Asset that is a Loan, the Relevant Loan Maturity Date;
- (iii) an Underlying Asset that is a Total Return Swap, the Relevant TRS Final Settlement Date;
- (iv) an Underlying Asset that is a Cross Currency Swap, the Relevant CCS Final Settlement Date; and
- (v) an Underlying Asset that is a Credit Default Swap, the Relevant CDS Final Settlement Date.

**"Reference Asset Original Amount"** means, in respect of the Reference Asset for the Notes that is:

- (i) an Underlying Asset that is a Bond, the Relevant Bond Original Principal Amount;
- (ii) an Underlying Asset that is a Loan, the Relevant Loan Original Principal Amount;
- (iii) an Underlying Asset that is a Total Return Swap, the Relevant TRS Original Notional Amount;

- (iv) an Underlying Asset that is a Cross Currency Swap, the Relevant CCS Original Notional Amount; and
- (v) an Underlying Asset that is a Credit Default Swap, the Relevant TRS Original Notional Amount.

**"Reference Asset (Optional Redemption Amount)" or "RA(ORA)"** means an amount in the Reference Asset Currency determined by the Calculation Agent to be equal to the gross amount that the Reference Asset Relevant Party would actually receive under the Reference Asset on the Optional Redemption Valuation Date, as determined by the Calculation Agent as the product of (i) the Reference Asset Early Redemption Price multiplied by (ii) the Reference Asset Original Amount, as determined by the Calculation Agent.

**"Reference Asset Relevant Party"** means, in respect of the Reference Asset for the Notes that is:

- (i) an Underlying Asset that is a Bond, the Relevant Bond Holder;
- (ii) an Underlying Asset that is a Loan, the Relevant Loan Party;
- (iii) an Underlying Asset that is a Total Return Swap, the Relevant TRS Party;
- (iv) an Underlying Asset that is a Cross Currency Swap, the Relevant CCS Party; and
- (v) an Underlying Asset that is a Credit Default Swap, the Relevant CDS Party.

**"Relevant FX Rate"** means, in respect of any relevant day, the spot (or such other type of rate as specified in the relevant Final Terms) exchange rate (expressed as the number of units (or parts thereof) of the Reference Asset Currency per one unit of the Specified Currency) as determined by the Calculation Agent by reference to the rate published on the Relevant FX Rate Price Source, at or around the Relevant FX Rate Valuation Time, on such relevant day (or, if **"Inversion"** is specified in the relevant Final Terms to be applicable in respect of the Relevant FX Rate, the reciprocal of such rate), or such other exchange rate, which may be a cross currency rate, as specified or defined in the relevant Final Terms. In the event that the Relevant FX Rate is not so published for such relevant day, the Calculation Agent shall determine the Relevant FX Rate for such relevant day acting in good faith and in a commercially reasonable manner.

**"Relevant FX Rate Price Source"** means, in respect of a Relevant FX Rate, the display page(s) or price source(s) specified as such in the relevant Final Terms for such Relevant FX Rate, or the successor or alternative price source, display page as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

**"Relevant FX Rate Valuation Time"** means, in respect of a Relevant FX Rate, the time in the place specified as such in the relevant Final Terms (or such other time when the relevant rate of the Relevant FX Rate is published, as determined by the Calculation Agent).

**"Secondary Reference Asset"** means, if "Final Redemption Specific Payout 2" and/ or "Optional Redemption Specific Payout 2" and/or "Distribution Specific Payout 2" is specified to apply in the relevant Final Terms, the Cross Currency Swap or the Credit Default Swap, as is applicable, as specified in the relevant Final Terms.

**"Secondary Reference Asset (Distribution Amount)" or "SRA(DA)"** means, in respect of the Secondary Reference Asset and a Reference Asset Distribution Date, an amount in the Specified Currency determined by the Calculation Agent to be equal to the gross amount that the Reference Asset Relevant Party (where such definition shall be applied to the Secondary Reference Asset as if

the Secondary Reference Asset were the Reference Asset) would actually receive (in which case such Secondary Reference Asset (Distribution Amount) shall be a positive amount) or pay (in which case such Secondary Reference Asset (Distribution Amount) shall be a negative amount), as the case may be on such Reference Asset Distribution Date (where such definition shall be applied to the Secondary Reference Asset as if the Secondary Reference Asset were the Reference Asset), as determined by the Calculation Agent."

**Secondary Reference Asset (Optional Redemption Amount)" or "SRA(ORA)"** means an amount in the Reference Asset Currency determined by the Calculation Agent to be equal to the gross amount that the Reference Asset Relevant Party (where such definition shall be applied to the Secondary Reference Asset as if the Secondary Reference Asset were the Reference Asset) would actually receive (in which case such Secondary Reference Asset (Optional Redemption Amount) shall be a positive amount) or pay (in which case such Secondary Reference Asset (Optional Redemption Amount) shall be a negative amount), as the case may be, on the Optional Redemption Valuation Date, as determined by the Calculation Agent as the product of (i) the Reference Asset Early Redemption Price (where such definition shall be applied to the Secondary Reference Asset as if the Secondary Reference Asset were the Reference Asset) multiplied by (ii) the Reference Asset Original Amount (where such definition shall be applied to the Secondary Reference Asset as if the Secondary Reference Asset were the Reference Asset), as determined by the Calculation Agent.

**"Secondary Reference Asset (Final Redemption Amount)" or "SRA(FRA)"** means, in respect of the Secondary Reference Asset, an amount in the Specified Currency determined by the Calculation Agent to be equal to the gross amount that the Reference Asset Relevant Party (where such definition shall be applied to the Secondary Reference Asset as if the Secondary Reference Asset were the Reference Asset) would actually receive (in which case such Secondary Reference Asset (Optional Redemption Amount) shall be a positive amount) or pay (in which case such Secondary Reference Asset (Optional Redemption Amount) shall be a negative amount), as the case may be, on the Reference Asset Final Settlement Date (where such definition shall be applied to the Secondary Reference Asset as if the Secondary Reference Asset were the Reference Asset), as determined by the Calculation Agent.

**"Strike Date"** means the date specified as such in the relevant Final Terms.

**"Taxes"** means any taxes, duties, surcharges, cess, deductions, expenses, reserves, and charges (including interest, penalties and additions thereto) that may be incurred through, imposed on or assessed to, or required to be withheld by any relevant law, regulation, or governmental or taxing authority in respect of any relevant payment amount due to a Reference Asset Relevant Party under the Reference Asset, each as determined by the Calculation Agent in a commercially reasonable manner, without regard to any refunds, credits or any other benefit or reduction that may accrue thereon through tax treaties, reliefs, exemptions or any other arrangements and shall include any taxes, duties, surcharges, cess, deductions, expenses, reserves, and charges not yet incurred, imposed, assessed or determined, or required to be withheld by any relevant law, regulation, or governmental or taxing authority in respect of any relevant payment amount due to a Reference Asset Relevant Party under the Reference Asset on any relevant date but which the Calculation Agent reasonably expects may be incurred, imposed, assessed or determined, required to be withheld thereafter in such amount as the Calculation Agent may, acting in good faith and a commercially reasonable manner, determine.

## 5. **Reference Asset Definitions**

The following words and expressions shall have the following meanings when used in these Payout Conditions, the relevant Underlying Asset Condition (if any) and the relevant Final Terms:

*Bond*

- 5.1 If the relevant Final Terms specifies that the Reference Asset is a Bond, the following definitions and the Bond Linked Conditions shall apply:

**"Bond"** means the Relevant Bond specified as such in the relevant Final Terms.

**"Relevant Bond"** means a bond with the characteristics as specified in the relevant Final Terms, where such specified characteristics should include, but are not limited to, the issuer of such bond, the maturity date, and any relevant security identification numbers.

**"Relevant Bond Holder"** means a holder of the Relevant Bond with an original principal amount as of the Strike Date of the Relevant Bond Original Principal Amount.

**"Relevant Bond Maturity Date"** means the maturity date of the Relevant Bond.

**"Relevant Bond Original Principal Amount"** means the amount specified as such in the relevant Final Terms.

#### *Loan*

- 5.2 If the relevant Pricing Supplement specifies that the Reference Asset is a Loan, the following definitions and the Loan Linked Conditions shall apply:

**"Loan"** means the Relevant Loan specified as such in the relevant Pricing Supplement.

**"Relevant Loan"** means a notional or hypothetical loan agreement with the characteristics as specified in the relevant Pricing Supplement, where such specified characteristics should include, but are not limited to, the term of such loan, the maturity date, and the notional amount of such loan agreement.

**"Relevant Loan Maturity Date"** means the maturity date of the Relevant Loan.

**"Relevant Loan Original Principal Amount"** means the principal amount of the Relevant Loan as of the Strike Date, being such amount specified as such in the relevant Pricing Supplement.

**"Relevant Loan Party"** means the lender under the Relevant Loan.

#### *Total Return Swap*

- 5.3 If the relevant Pricing Supplement specifies that the Reference Asset is a Total Return Swap, the following definitions and the TRS Linked Conditions shall apply:

**"Relevant Total Return Swap"** means a notional or hypothetical total return swap transaction with the characteristics specified in the relevant Pricing Supplement, where such specified characteristics should include, but are not limited to, the term of the swap, and the notional amount of the swap, which shall be the Relevant TRS Original Notional Amount as of the Strike Date, and for which the material terms are substantially as set out in a schedule to the relevant Pricing Supplement and the Relevant TRS ISDA Master Agreement.

**"Relevant TRS Final Settlement Date"** means the date on which the final payment under the Relevant Total Return Swap is due to be made under the terms of the Relevant Total Return Swap.

**"Relevant TRS ISDA Master Agreement"** means, in respect of the Relevant Total Return Swap, a notional or hypothetical agreement in the standard form of the 2002 ISDA Master Agreement published by the International Swaps and Derivatives Association, Inc., notionally or hypothetically

entered into between the parties to the Relevant Total Return Swap, and which is expressed to be subject to English or New York law.

**"Relevant TRS Party"** means the party to the Relevant Total Return Swap specified in the relevant Pricing Supplement, where the amounts (if any) payable under the Notes are linked to the hypothetical payments under the Relevant Total Return Swap to such party.

**"Relevant TRS Original Notional Amount"** means the amount specified as such in the relevant Pricing Supplement.

**"Total Return Swap"** means the Relevant Total Return Swap specified as such in the relevant Pricing Supplement.

#### *Cross Currency Swap*

- 5.4 If the relevant Final Terms specifies that the Reference Asset is a Cross Currency Swap or if **"Final Redemption Specific Payout 2"** or **"Optional Redemption Specific Payout 2"** or **"Distribution Specific Payout 2"** is specified to apply in the relevant Final Terms, the following definitions and the CCS Linked Conditions shall apply:

**"Cross Currency Swap"** means the Relevant Cross Currency Swap specified as such in the relevant Final Terms.

**"Relevant CCS Final Settlement Date"** means the date on which the final payment under the Relevant Cross Currency Swap is due to be made under the terms of the Relevant Cross Currency Swap.

**"Relevant CCS ISDA Master Agreement"** means, in respect of the Relevant Cross Currency Swap, a notional or hypothetical agreement in the standard form of the 2002 ISDA Master Agreement published by the International Swaps and Derivatives Association, Inc., notionally or hypothetically entered into between the parties to the Relevant Cross Currency Swap, and which is expressed to be subject to English or New York law.

**"Relevant CCS Party"** means the party to the Relevant Cross Currency Swap specified in the relevant Final Terms, where the amounts (if any) payable under the Notes are linked to the hypothetical payments under the Relevant Cross Currency Swap to such party.

**"Relevant Cross Currency Swap"** means a notional or hypothetical cross currency swap transaction with the characteristics specified in the relevant Final Terms, where such specified characteristics should include, but are not be limited to, the term of the swap, the notional amount of the swap, which shall be the Relevant CCS Original Notional Amount as of the Strike Date, the relevant currencies for the swap, and for which the material terms are substantially as set out in a schedule to the relevant Final Terms and the Relevant CCS ISDA Master Agreement.

**"Relevant CCS Original Notional Amount"** means the amount specified as such in the relevant Final Terms.

#### *Credit Default Swap*

- 5.5 If the relevant Pricing Supplement specifies that the Reference Asset is a Credit Default Swap, the following definitions and the CDS Linked Conditions shall apply:

**"Credit Default Swap"** means the Relevant Credit Default Swap specified as such in the relevant Pricing Supplement.



**"Relevant CDS Final Settlement Date"** means the date on which the final payment under the Relevant Credit Default Swap is due to be made under the terms of the Relevant Credit Default Swap.

**"Relevant CDS ISDA Master Agreement"** means, in respect of the Relevant Credit Default Swap, a notional or hypothetical agreement in the standard form of the 2002 ISDA Master Agreement published by the International Swaps and Derivatives Association, Inc., notionally or hypothetically entered into between the parties to the Relevant Credit Default Swap, and which is expressed to be subject to English or New York law.

**"Relevant CDS Party"** means the party to the Relevant Credit Default Swap specified in the relevant Pricing Supplement, where the amounts (if any) payable under the Notes are linked to the hypothetical payments under the Relevant Credit Default Swap to such party.

**"Relevant Credit Default Swap"** means a notional or hypothetical cash settled credit default swap transaction with the characteristics specified in the relevant Pricing Supplement, where such specified characteristics should include, but are not limited to, the reference obligation, the obligation characteristics, the term of the swap, the notional amount of the swap, which shall be the Relevant CDS Original Notional Amount as of the Strike Date, and for which the material terms are substantially as set out in a schedule to the relevant Pricing Supplement and the Relevant CDS ISDA Master Agreement.

**"Relevant CDS Original Notional Amount"** means the amount specified as such in the relevant Pricing Supplement.

## 6. **Limited Recourse**

All amounts paid under Notes, and any claims in respect of principal, or interest, if any, on the Notes will be limited to and will be no more than the sum of any Reference Asset (Final Redemption Amount) or Reference Asset (Optional Redemption Amount), as applicable, that a Reference Asset Relevant Party would actually receive, and the sum of each Reference Asset Distribution Amounts (if any) in respect of a Reference Asset Distribution Date (if any) that a Reference Asset Relevant Party would actually receive, all as determined by the Calculation Agent in good faith and in a commercially reasonable manner, each amount as reduced by any Additional Costs in respect of any relevant period (as determined by the Calculation Agent). The holders of Notes will not have any general recourse to or any claims against the Issuer, or to any other amounts or assets.

## UNDERLYING ASSET CONDITIONS

### BOND LINKED CONDITIONS

The following conditions (the "**Bond Linked Conditions**") shall apply to Notes, if so specified in the Final Terms of such Notes.

#### 1. **Potential Optional Redemption Events**

Each of the following events shall be a "**Potential Optional Redemption Event**" in respect of the Notes, if such an event is specified to be applicable in the relevant Final Terms:

- (i) the Bond is redeemed in whole or in part before the maturity date of the Bond (an "Early Bond Redemption");
- (ii) a Bankruptcy;
- (iii) a Convertibility Event;
- (iv) a Failure to Pay;
- (v) a Governmental Intervention;
- (vi) an Obligation Acceleration;
- (vii) an Obligation Default;
- (viii) a Repudiation/Moratorium;
- (ix) a Restructuring;
- (x) a Sovereign Event; or
- (xi) such other event specified as such in the relevant Final Terms.

#### 2. **Additional Disruption Events**

2.1 Each of the following events shall be an "**Additional Disruption Event**" in respect of the Notes, if such an event is specified to be applicable in the relevant Final Terms:

- (i) Adjustment and/or Disruption Event;
- (ii) Change in Law;
- (iii) Hedging Disruption;
- (iv) Increased Cost of Hedging; or
- (v) such other event specified as such in the relevant Final Terms.

2.2 If the relevant Final Terms specifies one or more Additional Disruption Events to be applicable, if the Calculation Agent in its sole and absolute discretion determines that an Additional Disruption Event has occurred, then the Calculation Agent shall, in its reasonable commercial discretion,

- (i) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Additional Disruption Events; or
- (ii) determine and give notice to Holders that the Notes shall be redeemed on a date determined by the Calculation Agent, in which event the Issuer shall redeem the Notes and cause to be paid to each Holder in respect of each Note held by it an amount equal to the Early Redemption Amount.

2.3 If the Calculation Agent determines that an event may amount to both an Additional Disruption Event and a Potential Optional Redemption Event, the Calculation Agent may elect in its sole and absolute discretion whether to proceed under the provisions applicable to an Additional Disruption Event or the provisions applicable to a Potential Optional Redemption Event.

### 3. **Definitions**

The following words and expressions shall have the following meanings:

**"Adjustment and/or Disruption Event"** means, in respect of the Bond:

- (i) the Bond is subdivided, consolidated, reclassified or altered, or any other similar event occurs, as determined by the Calculation Agent;
- (ii) there occurs any event that disrupts or may disrupt the making of any payments due under the Bond; and/or
- (iii) there occurs any material change or adjustment to the terms of the Bond, as determined by the Calculation Agent.

**"Bankruptcy"** means the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due, (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective, (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof, (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger), (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter, or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g).

**"Change in Law"** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the

promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedge Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Entity).

**"Convertibility Event"** means any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Asset Currency into the Specified Currency, or the transfer of the Reference Asset Currency or the Specified Currency from the jurisdiction of the Reference Entity to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on conversion of the Reference Asset Currency into the Specified Currency); or
- (ii) results in the unavailability of the Reference Asset Currency or the Specified Currency in the interbank foreign exchange market located in the jurisdiction of the Reference Entity in accordance with normal commercial practice; or
- (iii) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Failure to Pay"** means, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Reference Entity to make, when and where due, any payments in any amount under the Bond, in accordance with the terms of the Bond at the time of such failure.

**"Governmental Authority"** means (i) any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), (ii) any court, tribunal, administrative or other supranational authority or (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including the central bank) of the Reference Entity or some or all of its obligations or (iv) any other authority which is analogous to any of the entities specified in (i) to (iii) above.

**"Governmental Intervention"** means that, with respect to the Bond, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of the Bond:

- (i) any event which would affect creditors' rights so as to cause:
  - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (B) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (C) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or

- (D) a change in the ranking in priority of payment in relation to the Bond, causing the Subordination of such obligation to any other obligation;
- (ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Bond;
- (iii) a mandatory cancellation, conversion or exchange; or
- (iv) any event which has an analogous effect to any of the events specified in paragraphs (i) to (iii) above.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Notes and/or Reference Assets in respect of the Issuer's obligations under the Notes.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the Notes.

**"Increased Cost of Hedging"** means that any Hedging Entity would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Entity shall not be deemed an Increased Cost of Hedging.

**"Obligation Acceleration"** means any amounts of the Bond have become due and payable before such amount would otherwise have become due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under the Bond.

**"Obligation Default"** means that the Bond has become capable of being declared due and payable before it would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under the Bond.

**"Reference Entity"** means the issuer of the Bond specified as such in the relevant Final Terms and its Successor.

**"Repudiation/Moratorium"** means, with respect to the Bond, the occurrence of both of the following events:

- (i) an authorized officer of the Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Bond or

(b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to the Bond; and

- (ii) (ii) a Failure to Pay with respect to the Bond occurs on or prior to the date that is the later of (a) the date that is 60 days after the occurrence of an event described in paragraph (i) above and (b) the first payment date under the Bond after the occurrence of an event described in paragraph (i) above, taking into account any grace period applicable to the terms of the Bond as of the Issue Date of the Notes, provided that, in either case, this date shall occur no later than the scheduled date of maturity of the Bond.

**"Restructuring"** means, with respect to the Bond, any one or more of the following events, the occurrence or announcement (or decree) of which is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of the Bond to bind all holders of the Bond with an aggregate principal amount equal to the Total Reference Bond Amount, and such event is not expressly provided for under the terms of the Reference Bond in effect as of the Issue Date of the Notes:

- (i) a reduction in the rate or amount of interest payable or amount of scheduled interest accruals (including by way of redenomination);
- (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal;
- (iv) a change in the ranking in priority of payment of the Bond, causing the Subordination of such Bond to any other obligation of the Reference Entity; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency other than the lawful currency of the PRC, Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the foregoing, none of the following shall constitute a Restructuring:

- (a) the occurrence of, an agreement to or an announcement of any of the events described in paragraphs (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business;
- (b) the occurrence of, an agreement to or an announcement of any of the events described in paragraphs (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of paragraph (v) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (c) the payment in euros of interest or principal in relation to a Bond denominated in a currency of a member state of the European Union that adopts or has adopted the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union; and

- (d) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion.

**"Sovereign Event"** means the government of the Reference Entity, its agencies, instrumentalities or entities by means of any law, regulation, ruling, directive or interpretation, whether or not having the force of law, at any time takes any action which legally or, in fact, results in or will result in the non-payment of the Bond in accordance with its original terms.

**"Subordination"** means, with respect to an obligation (the "Second Obligation") and another obligation of the Reference Entity to which such obligation is being compared (the "First Obligation"), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "Subordinated" will be construed accordingly.

**"Successor"** means any direct or indirect successor to the Reference Entity irrespective of whether such successor assumes any of the obligations of the Reference Entity, as determined by the Calculation Agent.

**"Total Reference Bond Amount"** means, provided that "Restructuring" has been specified to be applicable in the relevant Final Terms, the amount specified as such in the relevant Final Terms.

## LOAN LINKED CONDITIONS

The following conditions (the **Loan Linked Conditions**) shall apply to Notes linked to an Underlying Asset that is a Loan if so specified in the relevant Pricing Supplement.

### 1. Potential Optional Redemption Events

Each of the following events shall be a **Potential Optional Redemption Event** in respect of the Notes, if such an event is specified to be applicable in the relevant Pricing Supplement:

- (a) the Loan is redeemed in whole or in part before the maturity date of the Loan (an **Early Loan Redemption**);
- (b) a Bankruptcy;
- (c) a Convertibility Event;
- (d) a Failure to Pay;
- (e) a Governmental Intervention;
- (f) an Obligation Acceleration;
- (g) an Obligation Default;
- (h) a Repudiation/Moratorium;
- (i) a Restructuring;
- (j) a Sovereign Event; or
- (k) such other event specified as such in the relevant Pricing Supplement.

### 2. Additional Disruption Events

2.1 Each of the following events shall be an Additional Disruption Event in respect of the Notes, if such an event is specified to be applicable in the relevant Pricing Supplement:

- (a) Adjustment and/or Disruption Event;
- (b) Change in Law;
- (c) Hedging Disruption;
- (d) Increased Cost of Hedging; or
- (e) such other event specified as such in the relevant Pricing Supplement.

2.2 If the relevant Pricing Supplement specifies one or more Additional Disruption Events to be applicable, if the Calculation Agent in its sole and absolute discretion determines that an Additional Disruption Event has occurred, then the Calculation Agent shall, in its reasonable commercial discretion,



- (a) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Additional Disruption Events; or
- (b) determine and give notice to Holders that the Notes shall be redeemed on a date determined by the Calculation Agent, in which event the Issuer shall redeem the Notes and cause to be paid to each Holder in respect of each Note held by it an amount equal to the Early Redemption Amount.

2.3 If the Calculation Agent determines that an event may amount to both an Additional Disruption Event and a Potential Optional Redemption Event, the Calculation Agent may elect in its sole and absolute discretion whether to proceed under the provisions applicable to an Additional Disruption Event or the provisions applicable to a Potential Optional Redemption Event.

### 3. Definitions

The following words and expressions shall have the following meanings:

**Adjustment and/or Disruption Event** means, in respect of the Loan:

- (a) there occurs any event that disrupts or may disrupt the making of any payments due under the Loan; and/or
- (b) there occurs any material change or adjustment to the terms of the Loan, as determined by the Calculation Agent.

**Bankruptcy** means the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due, (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective, (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof, (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger), (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter, or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g).

**Change in Law** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedge Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part,

or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Entity).

**Convertibility Event** means any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (a) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Asset Currency into the Specified Currency, or the transfer of the Reference Asset Currency or the Specified Currency from the jurisdiction of the Reference Entity to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on conversion of the Reference Asset Currency into the Specified Currency); or
- (b) results in the unavailability of the Reference Asset Currency or the Specified Currency in the interbank foreign exchange market located in the jurisdiction of the Reference Entity in accordance with normal commercial practice; or
- (c) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Failure to Pay** means, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Reference Entity to make, when and where due, any payments in any amount under the Loan, in accordance with the terms of the Loan at the time of such failure.

**Governmental Authority** means (a) any de facto or *de jure* government (or any agency, instrumentality, ministry or department thereof), (b) any court, tribunal, administrative or other supranational authority or (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including the central bank) of the Reference Entity or some or all of its obligations or (d) any other authority which is analogous to any of the entities specified in (a) to (c) above.

**Governmental Intervention** means that, with respect to the Loan, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of the Loan:

- (a) any event which would affect creditors' rights so as to cause:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium; or
  - (iv) a change in the ranking in priority of payment in relation to the Loan, causing the Subordination of such obligation to any other obligation;

- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Loan;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in paragraphs (i) to (iii) above.

**Hedging Disruption** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Entity** means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Notes and/or Reference Assets in respect of the Issuer's obligations under the Notes.

**Hedge Positions** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the Notes.

**Increased Cost of Hedging** means that any Hedging Entity would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Entity shall not be deemed an Increased Cost of Hedging.

**Obligation Acceleration** means any amounts of the Loan have become due and payable before such amount would otherwise have become due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under the Loan.

**Obligation Default** means that the Loan has become capable of being declared due and payable before it would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under the Loan.

**Reference Entity** means the borrower under the Loan specified as such in the relevant Pricing Supplement and its Successor.

**Repudiation/Moratorium** means, with respect to the Loan, the occurrence of both of the following events:

- (a) an authorized officer of the Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Loan or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to the Loan; and

- (b) a Failure to Pay with respect to the Loan occurs on or prior to the date that is the later of (i) the date that is 60 days after the occurrence of an event described in paragraph (a) above and (ii) the first payment date under the Loan after the occurrence of an event described in paragraph (a) above, taking into account any grace period applicable to the terms of the loan as of the Issue Date of the Notes, provided that, in either case, this date shall occur no later than scheduled date of maturity of the Loan.

**Restructuring** means, with respect to the Loan, any one or more of the following events occurs in a form that binds all the parties to the Loan, and such event is not expressly provided for under the terms of the Loan in effect as of the Issue Date of the Notes:

- (a) a reduction in the rate or amount of interest payable or amount of scheduled interest accruals (including by way of redenomination);
- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal;
- (d) a change in the ranking in priority of payment of the Loan, causing the Subordination of such Loan to any other obligation of the Reference Entity; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency other than the lawful currency of the PRC, Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the foregoing, none of the following shall constitute a Restructuring:

- (i) the occurrence of, an agreement to or an announcement of any of the events described in paragraphs (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business;
- (ii) the occurrence of, an agreement to or an announcement of any of the events described in paragraphs (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of paragraph (e) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (iii) the payment in euros of interest or principal in relation to a Loan denominated in a currency of a member state of the European Union that adopts or has adopted the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union; and
- (iv) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest,

principal or premium payable, as determined by reference to such freely available market rate of conversion.

**Sovereign Event** means the government of the Reference Entity, its agencies, instrumentalities or entities by means of any law, regulation, ruling, directive or interpretation, whether or not having the force of law, at any time takes any action which legally or, in fact, results in or will result in the non-payment of the Loan in accordance with its original terms.

**Subordination** means, with respect to an obligation (the **Second Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **First Obligation**), a contractual, trust or similar arrangement providing that (a) upon the liquidation, dissolution, reorganization or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (b) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. **Subordinated** will be construed accordingly.

**Successor** means any direct or indirect successor to the Reference Entity irrespective of whether such successor assumes any of the obligations of the Reference Entity, as determined by the Calculation Agent.

## TRS LINKED CONDITIONS

The following conditions (the **TRS Linked Conditions**) shall apply to Notes, if so specified in the Pricing Supplement of such Notes.

### 1. Potential Optional Redemption Events

Each of the following events shall a **Potential Optional Redemption Event** in respect of the Notes, if such an event is specified to be applicable in the relevant Pricing Supplement:

- (a) the Total Return Swap is terminated for any reason in whole or in part before the final settlement date of the Total Return Swap (an **Early TRS Termination**);
- (b) in the determination of the Calculation Agent, there has occurred for any reason a material change in the terms of the Total Return Swap, including the terms governing the amounts and dates of any payments under the Total Return Swap, or any other material modification of the Total Return Swap (a **TRS Provision Modification**);
- (c) a Bankruptcy;
- (d) a Convertibility Event;
- (e) a Failure to Pay;
- (f) a Repudiation/Moratorium; or
- (g) such other event specified as such in the relevant Pricing Supplement.

### 2. Additional Disruption Events

2.1 Each of the following events shall be an Additional Disruption Event in respect of the Notes, if such an event is specified to be applicable in the relevant Pricing Supplement:

- (a) Change in Law;
- (b) Hedging Disruption;
- (c) Increased Cost of Hedging; or
- (d) such other event specified as such in the relevant Pricing Supplement.

2.2 If the relevant Pricing Supplement specifies one or more Additional Disruption Events to be applicable, if the Calculation Agent in its sole and absolute discretion determines that an Additional Disruption Event has occurred, then the Calculation Agent shall, in its reasonable commercial discretion,

- (a) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Additional Disruption Events; or
- (b) determine and give notice to Holders that the Notes shall be redeemed on a date determined by the Calculation Agent, in which event the Issuer shall redeem the Notes and cause to be paid to each Holder in respect of each Note held by it an amount equal to the Early Redemption Amount.

- 2.3 If the Calculation Agent determines that an event may amount to both an Additional Disruption Event and a Potential Optional Redemption Event, the Calculation Agent may elect in its sole and absolute discretion whether to proceed under the provisions applicable to an Additional Disruption Event or the provisions applicable to a Potential Optional Redemption Event.

### 3. Definitions

The following words and expressions shall have the following meanings:

**Bankruptcy** means the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due, (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective, (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof, (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger), (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter, or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g).

**Change in Law** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedge Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Entity).

**Convertibility Event** means any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (a) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Asset Currency into the Specified Currency, or the transfer of the Reference Asset Currency or the Specified Currency from the jurisdiction of the Reference Entity to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on conversion of the Reference Asset Currency into the Specified Currency); or
- (b) results in the unavailability of the Reference Asset Currency or the Specified Currency in the interbank foreign exchange market located in the jurisdiction of the Reference Entity in accordance with normal commercial practice; or

- (c) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Failure to Pay** means, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Reference Entity to make, when and where due, any payments payable by the Reference Entity in any amount under the Total Return Swap, in accordance with the terms of the Total Return Swap at the time of such failure.

**Governmental Authority** means (a) any de facto or *de jure* government (or any agency, instrumentality, ministry or department thereof), (b) any court, tribunal, administrative or other supranational authority or (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including the central bank) of the Reference Entity or some or all of its obligations or (d) any other authority which is analogous to any of the entities specified in (a) to (c) above.

**Hedging Disruption** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Entity** means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Notes and/or Reference Assets in respect of the Issuer's obligations under the Notes.

**Hedge Positions** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the Notes.

**Increased Cost of Hedging** means that any Hedging Entity would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Entity shall not be deemed an Increased Cost of Hedging.

**Reference Entity** means the party to the Total Return Swap who is not the Relevant TRS Party specified in the relevant Pricing Supplement.

**Repudiation/Moratorium** means, with respect to the Total Return Swap, the occurrence of both of the following events:

- (a) an authorized officer of the Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Total Return Swap or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or *de jure*, with respect to the Total Return Swap; and
- (b) a Failure to Pay with respect to the Total Return Swap occurs on or prior to the date that is the later of (i) the date that is 60 days after the occurrence of an event described in paragraph (a) above and (ii) the first payment date under the Total Return Swap after the occurrence of



an event described in paragraph (a) above, taking into account any grace period applicable to the terms of the Total Return Swap as of the Issue Date of the Notes, provided that, in either case, this date shall occur no later than the final date on which a payment is required to be made by the Reference Entity under the terms of the Total Return Swap.

**Successor** means any direct or indirect successor to the Reference Entity irrespective of whether such successor assumes any of the obligations of the Reference Entity, as determined by the Calculation Agent.

## CCS LINKED CONDITIONS

The following conditions (the "**CCS Linked Conditions**") shall apply to Notes, if so specified in the Final Terms of such Notes.

### 1. **Potential Optional Redemption Events**

Each of the following events shall be a "**Potential Optional Redemption Event**" in respect of the Notes, if such an event is specified to be applicable in the relevant Final Terms:

- (i) the Cross Currency Swap is terminated for any reason in whole or in part before the final settlement date of the Cross Currency Swap (an "**Early CCS Termination**");
- (ii) in the determination of the Calculation Agent, there has occurred for any reason a material change in the terms of the Cross Currency Swap, including the terms governing the amounts and dates of any payments under the Cross Currency Swap, or any other material modification of the Cross Currency Swap (a "**CCS Provision Modification**");
- (iii) a Bankruptcy;
- (iv) a Convertibility Event;
- (v) a Failure to Pay;
- (vi) a Repudiation/Moratorium; or
- (vii) such other event specified as such in the relevant Final Terms.

### 2. **Additional Disruption Events**

2.1 Each of the following events shall be an Additional Disruption Event in respect of the Notes, if such an event is specified to be applicable in the relevant Final Terms:

- (i) Change in Law;
- (ii) Hedging Disruption;
- (iii) Increased Cost of Hedging; or
- (iv) such other event specified as such in the relevant Final Terms.

2.2 If the relevant Final Terms specifies one or more Additional Disruption Events to be applicable, if the Calculation Agent in its sole and absolute discretion determines that an Additional Disruption Event has occurred, then the Calculation Agent shall, in its reasonable commercial discretion,

- (i) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Additional Disruption Events; or
- (ii) determine and give notice to Holders that the Notes shall be redeemed on a date determined by the Calculation Agent, in which event the Issuer shall redeem the Notes and cause to be paid to each Holder in respect of each Note held by it an amount equal to the Early Redemption Amount.

- 2.3 If the Calculation Agent determines that an event may amount to both an Additional Disruption Event and a Potential Optional Redemption Event, the Calculation Agent may elect in its sole and absolute discretion whether to proceed under the provisions applicable to an Additional Disruption Event or the provisions applicable to a Potential Optional Redemption Event.

### 3. **Definitions**

The following words and expressions shall have the following meanings:

**"Bankruptcy"** means the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due, (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective, (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof, (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger), (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter, or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g).

**"Change in Law"** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedge Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Entity).

**"Convertibility Event"** means any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Asset Currency into the Specified Currency, or the transfer of the Reference Asset Currency or the Specified Currency from the jurisdiction of the Reference Entity to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on conversion of the Reference Asset Currency into the Specified Currency); or

- (ii) results in the unavailability of the Reference Asset Currency or the Specified Currency in the interbank foreign exchange market located in the jurisdiction of the Reference Entity in accordance with normal commercial practice; or
- (iii) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Failure to Pay"** means, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Reference Entity to make, when and where due, any payments payable by the Reference Entity in any amount under the Cross Currency Swap, in accordance with the terms of the Cross Currency Swap at the time of such failure.

**"Governmental Authority"** means (i) any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), (ii) any court, tribunal, administrative or other supranational authority or (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including the central bank) of the Reference Entity or some or all of its obligations or (iv) any other authority which is analogous to any of the entities specified in (i) to (iii) above.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Notes and/or Reference Assets in respect of the Issuer's obligations under the Notes.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the Notes.

**"Increased Cost of Hedging"** means that any Hedging Entity would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Entity shall not be deemed an Increased Cost of Hedging.

**"Reference Entity"** means the party to the Cross Currency Swap who is not the Relevant CCS Party specified in the relevant Final Terms.

**"Repudiation/Moratorium"** means, with respect to the Cross Currency Swap, the occurrence of both of the following events:

- (i) an authorized officer of the Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Cross Currency Swap or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto or de jure*, with respect to the Cross Currency Swap; and

- (ii) a Failure to Pay with respect to the Cross Currency Swap occurs on or prior to the date that is the later of (a) the date that is 60 days after the occurrence of an event described in paragraph (i) above and (b) the first payment date under the Cross Currency Swap after the occurrence of an event described in paragraph (i) above, taking into account any grace period applicable to the terms of the Cross Currency Swap as of the Issue Date of the Notes, provided that, in either case, this date shall occur no later than the final date on which a payment is required to be made by the Reference Entity under the terms of the Cross Currency Swap.

**"Successor"** means any direct or indirect successor to the Reference Entity irrespective of whether such successor assumes any of the obligations of the Reference Entity, as determined by the Calculation Agent.

## CDS LINKED CONDITIONS

The following conditions (the "**TRS Linked Conditions**") shall apply to Notes, if so specified in the Pricing Supplement of such Notes.

### 1. **Potential Optional Redemption Events**

Each of the following events shall a "**Potential Optional Redemption Event**" in respect of the Notes, if such an event is specified to be applicable in the relevant Pricing Supplement:

- (i) the Total Return Swap is terminated for any reason in whole or in part before the final settlement date of the Total Return Swap (an "**Early TRS Termination**");
- (ii) in the determination of the Calculation Agent, there has occurred for any reason a material change in the terms of the Total Return Swap, including the terms governing the amounts and dates of any payments under the Total Return Swap, or any other material modification of the Total Return Swap (a "**TRS Provision Modification**");
- (iii) a Bankruptcy;
- (iv) a Convertibility Event;
- (v) a Failure to Pay;
- (vi) a Repudiation/Moratorium; or
- (vii) such other event specified as such in the relevant Pricing Supplement.

### 2. **Additional Disruption Events**

2.1 Each of the following events shall be an Additional Disruption Event in respect of the Notes, if such an event is specified to be applicable in the relevant Pricing Supplement:

- (i) Change in Law;
- (ii) Hedging Disruption;
- (iii) Increased Cost of Hedging; or
- (iv) such other event specified as such in the relevant Pricing Supplement.

2.2 If the relevant Pricing Supplement specifies one or more Additional Disruption Events to be applicable, if the Calculation Agent in its sole and absolute discretion determines that an Additional Disruption Event has occurred, then the Calculation Agent shall, in its reasonable commercial discretion,

- (i) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Additional Disruption Events; or
- (ii) determine and give notice to Holders that the Notes shall be redeemed on a date determined by the Calculation Agent, in which event the Issuer shall redeem the Notes and cause to be paid to each Holder in respect of each Note held by it an amount equal to the Early Redemption Amount.

- 2.3 If the Calculation Agent determines that an event may amount to both an Additional Disruption Event and a Potential Optional Redemption Event, the Calculation Agent may elect in its sole and absolute discretion whether to proceed under the provisions applicable to an Additional Disruption Event or the provisions applicable to a Potential Optional Redemption Event.

### 3. **Definitions**

The following words and expressions shall have the following meanings:

**"Bankruptcy"** means the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due, (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective, (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof, (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger), (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter, or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g).

**"Change in Law"** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedge Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Entity).

**"Convertibility Event"** means any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Asset Currency into the Specified Currency, or the transfer of the Reference Asset Currency or the Specified Currency from the jurisdiction of the Reference Entity to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on conversion of the Reference Asset Currency into the Specified Currency); or

- (ii) results in the unavailability of the Reference Asset Currency or the Specified Currency in the interbank foreign exchange market located in the jurisdiction of the Reference Entity in accordance with normal commercial practice; or
- (iii) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Failure to Pay"** means, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Reference Entity to make, when and where due, any payments payable by the Reference Entity in any amount under the Total Return Swap, in accordance with the terms of the Total Return Swap at the time of such failure.

**"Governmental Authority"** means (i) any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), (ii) any court, tribunal, administrative or other supranational authority or (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including the central bank) of the Reference Entity or some or all of its obligations or (iv) any other authority which is analogous to any of the entities specified in (i) to (iii) above.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Notes and/or Reference Assets in respect of the Issuer's obligations under the Notes.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange or (b) other instruments or arrangements (howsoever described) in order to hedge individually or on a portfolio basis the Issuer's obligations under the Notes.

**"Increased Cost of Hedging"** means that any Hedging Entity would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Entity shall not be deemed an Increased Cost of Hedging.

**"Reference Entity"** means the party to the Total Return Swap who is not the Relevant TRS Party specified in the relevant Pricing Supplement.

**"Repudiation/Moratorium"** means, with respect to the Total Return Swap, the occurrence of both of the following events:

- (i) an authorized officer of the Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Total Return Swap or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto or de jure*, with respect to the Total Return Swap; and



- (ii) a Failure to Pay with respect to the Total Return Swap occurs on or prior to the date that is the later of (a) the date that is 60 days after the occurrence of an event described in paragraph (i) above and (b) the first payment date under the Total Return Swap after the occurrence of an event described in paragraph (i) above, taking into account any grace period applicable to the terms of the Total Return Swap as of the Issue Date of the Notes, provided that, in either case, this date shall occur no later than the final date on which a payment is required to be made by the Reference Entity under the terms of the Total Return Swap.

**"Successor"** means any direct or indirect successor to the Reference Entity irrespective of whether such successor assumes any of the obligations of the Reference Entity, as determined by the Calculation Agent.

## FORM OF FINAL TERMS

Final Terms dated [●] 2018

Bank of China Limited, Hong Kong Branch

Admission to trading of [Aggregate Nominal Amount of Series] [Title of Notes]  
under the U.S.\$ 2,000,000,000 Structured Notes Programme  
(the "Notes")

YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE CONTENTS OF THIS DOCUMENT. IF YOU ARE IN DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

The document constitutes the Final Terms relating to the admission of the Notes described herein to trading on the regulated market of the Budapest Stock Exchange. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Listing Base Prospectus dated 14 August 2018 [and the Supplement[s] to the Listing Base Prospectus listed in the Annex hereto] ([as so supplemented,] (the "**Listing Base Prospectus**"). This Final Terms contains the final terms of the Notes and must be read in conjunction with such Listing Base Prospectus.

This is a structured product [which involves derivatives]/[and for which the amounts paid (if any) are dependent on the cash flows (if any) in respect of the Reference Asset(s)]. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.

The Notes are not time deposits and therefore are not protected by the Deposit Protection Scheme in [Hong Kong] [*specify other relevant jurisdiction of the Issuer*]. The Notes are not principal protected. You may suffer a loss or a substantial loss in your investment in the Notes.

Investments in the Notes involve risks and are subject to the credit and insolvency risks of the Issuer[, although the payment obligations of the Issuer under the Notes are totally dependent on and shall not exceed the cash flows (if any) in respect of the Reference Asset(s)]. You should not invest in the Notes if you do not have sufficient knowledge or experience in derivatives. In extreme circumstances, you may sustain a total loss of your investment. You should carefully consider and understand the contents of this document and the Listing Base Prospectus, in particular the section entitled headed "Risk Factors" in the Listing Base Prospectus and all the risk warnings in this Final Terms below and the Listing Base Prospectus; in the event of any inconsistency between the risk warnings in this Final Terms and the "Risk Factors" in the Listing Base Prospectus, the risk warnings in this Final Terms will prevail.

You may access the general corporate information, and the latest financial information published by Bank of China Limited by visiting <http://www.boc.cn/>. You may also inspect hard copies of the latest financial information published by [Bank of China Limited, Hong Kong Branch or specify the branch] at its offices during its usual business hours on any weekday (excluding Saturdays, Sundays and public holidays in [Hong Kong or specify other relevant jurisdiction of the Issuer]).

### ADDITIONAL RISK WARNINGS

#### *[Limited Recourse*

UNDER THE CONDITIONS APPLICABLE TO THE NOTES, ALL AMOUNTS PAID UNDER THE NOTES, AND ANY CLAIMS IN RESPECT OF PRINCIPAL, OR INTEREST, IF ANY, ON THE NOTES WILL BE LIMITED AND WILL BE NO MORE THAN THE SUM OF ANY REFERENCE ASSET (FINAL REDEMPTION AMOUNT) OR REFERENCE ASSET (OPTIONAL REDEMPTION AMOUNT), AS IS APPLICABLE, THAT A REFERENCE ASSET RELEVANT PARTY WOULD ACTUALLY RECEIVE, AND THE SUM OF EACH REFERENCE ASSET DISTRIBUTION AMOUNT (IF ANY) IN RESPECT OF A REFERENCE ASSET DISTRIBUTION DATE (IF ANY) THAT A REFERENCE ASSET RELEVANT PARTY WOULD ACTUALLY RECEIVE, ALL AS DETERMINED BY THE CALCULATION AGENT IN GOOD FAITH AND IN A COMMERCIALY REASONABLE MANNER, PROVIDED THAT EACH AMOUNT SHALL BE REDUCED BY ANY APPLICABLE TAXES AND ANY ADDITIONAL COSTS IN RESPECT OF ANY RELEVANT PERIOD (AS DETERMINED BY THE CALCULATION AGENT). THE HOLDERS OF NOTES WILL NOT HAVE ANY GENERAL RECOURSE TO OR ANY CLAIMS AGAINST THE ISSUER, OR TO ANY OTHER AMOUNTS OR ASSETS.

In view of the above provision, holders of Notes should be aware that, where the Reference Asset in respect of the Notes is or includes a Bond or a Loan, should an Adjustment and/or Disruption Event occur, the Issuer will not thereby be exposed to a risk as the Issuer is only obliged to pay any amounts that a Reference Asset Relevant Party would actually receive, less certain deductions. Therefore, if such Adjustment and/or Disruption Event increases or reduces any amounts payable under such Bond or Loan, the amounts payable under the Notes will also be increased or reduced.

*No pledge or sale of Bond or Loan / Reference Asset Relevant Party*

In the event that the Reference Asset for the Notes is a Bond or Loan, holders of the Notes are advised that there is no obligation on the Issuer to acquire such Bond or Loan. In addition, the Issuer is prohibited from pledging or selling such Bond or Loan. However, the Issuer may, in its sole and absolute discretion, elect to acquire the Bond or Loan that is the Reference Asset specified in paragraph 26 below. If it does so, the Issuer will be, to all intents and purposes, the same as the Reference Asset Relevant Party as defined in the Conditions of the Notes. Holders of the Notes will only receive payments under the Notes to the extent and after the Issuer, as the Reference Asset Relevant Party, receives payments under the Reference Asset (including the Reference Asset (Final Redemption Amount), the Reference Asset (Optional Redemption Amount) and any Reference Asset Distribution Amount). The Issuer will not reinvest any amounts received under the Reference Asset during the term of the Notes.

These Final Terms have been prepared in connection with Article 5(4) of Directive 2003/71/EC and full information on the Issuer and on the Notes is only available on the basis of the combination of the Listing Base Prospectus, the Offering Circular of the Programme and these Final Terms.

Copies of the following documents are available to the public during normal business hours on any business day (except Saturdays, Sundays and public holidays in Hong Kong or Hungary, as applicable) at the specified offices of (1) the Trustee at The Hongkong and Shanghai Banking Corporation Limited, 1 Queen's Road Central, Central, Hong Kong SAR; and Bank of China Limited Hungarian Branch (H-1051 Budapest, 7th József nádor tér) for so long as notes are capable of being issued under the Programme:

- (i) the Final Terms;
- (ii) a copy of this Listing Base Prospectus; and
- (iii) a copy of the Offering Circular of the Programme.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms. ]*

- |    |   |  |
|----|---|--|
| 1. | Issuer:   | Bank of China Limited, Hong Kong Branch  |
| 2. | (i) [Series Number:]  | [●]  |
|    | (ii) [Tranche Number:   | [●]  |
|    | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> |  |
| 3. | Specified Currency or Currencies  | [●]  |
| 4. | Aggregate Nominal Amount:   | [●]  |
|    | (i) [Series:]   | [●]  |
|    | (ii) [Tranche:  | [●]]   |
| 5. | Issue Price:  | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)] |

6. (i) Specified Denomination(s)<sup>1:2</sup> [●]
- (ii) Calculation Amount: [●] (being the "Nominal Amount")
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]<sup>3</sup>
- [If Final Redemption Specific Payment 1 or 2 is applicable:  
Relevant Asset Final Settlement Date
- The Maturity Payment Date is [●]]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available]
9. Interest Basis: [●] per cent. Fixed Rate]
- [[Specify reference rate] +/- [●] per cent. Floating Rate] [Insert the name of the reference rate administrator] as the administrator of the [●] reference rate [is] / [is not] registered in the register of administrators and benchmarks established by ESMA in accordance with Article 36 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.
- [Zero Coupon]
- [Reference Asset Linked Interest]
- [Distribution Provisions applicable]
- [Other (Specify)]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
- [Reference Asset Linked Redemption]

<sup>1</sup> Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

<sup>2</sup> If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000]. No Notes in definitive form will be issued with a denomination above [€99,000]/[€199,000]. In relation to any issue of Notes which are a "Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Notes", such Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

<sup>3</sup> Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (*Specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*][Not Applicable]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(further particulars specified below)]
13. Method of distribution: [Syndicated/Non-syndicated]
14. Reference Asset(s): The [Bond, as specified below] [Loan, as specified below] [the Total Return Swap, as specified below] [the Cross Currency Swap, as specified below] [the Credit Default Swap, as specified below] [*other: specify*]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount<sup>4</sup>
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
- [Interest Periods shall be [Adjusted] / [Unadjusted]]

<sup>4</sup> For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

- (ii) Specified Period: [●]  
*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (iii) Specified Interest Payment Dates: [●]  
*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]): [[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
- (viii) Screen Rate Determination:
- (a) Reference Rate: [For example, LIBOR or EURIBOR]
- (b) Interest Determination Date(s): [●]
- (c) Relevant Screen Page: [For example, Reuters LIBOR 01/EURIBOR 01]
- (d) Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
- (e) Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (ix) ISDA Determination:
- (a) Floating Rate Option: [●]
- (b) Designated Maturity: [●]
- (c) Reset Date: [●]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method [●]

of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

(xv) Substitute or Successor Rate of Interest: [Applicable/Not Applicable]

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Accrual Yield: [●] per cent. per annum

(ii) Reference Price (Zero Coupon): [●]

(iii) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]

(iv) Any other formula/basis of determining amount payable: [*Consider whether it is necessary to specify a Day Count Fraction for the purposes of General Condition 10(e)*]

18. **Interest linked to one or more Underlying Asset Conditions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Reference Asset(s): [As specified in above / Other (specify)].

(ii) Conditions for determining interest amount where calculated by reference to Reference Asset(s) and/or other variable: [*give or annex details*]

(iii) Conditions for determining interest amount where calculation by reference to Reference Asset(s) and/or other variable is impossible or impracticable or otherwise disrupted: [●]

(iv) Interest or calculation period(s): [●]

(v) Interest Payment Dates: [●]

(vi) Business Day Convention: [●]

(vii) Day Count Fraction: [●]

19. **Dual Currency Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]

(iii) Provisions applicable where calculation by reference to Rate: [●]

- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

20. **Distribution Provisions:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Distribution Specific Payout 1: [Applicable/Not Applicable]

- (ii) Distribution Specific Payout 2: [Applicable/Not Applicable]

- Secondary Reference Asset: [Cross Currency Swap]

- (iii) Fees(DA): [●]

- (iv) Relevant FX Rate: [Applicable/Not Applicable]

Inversion: [Applicable/Not Applicable]

- (a) Reference Asset Currency: [●]

- (b) Relevant FX Rate Price Source: [●]

- (c) Relevant FX Rate Valuation Time: [●]

- (v) Distribution Payment Date: [As specified in the Payout Conditions] / [●]

- (vi) Reference Asset Distribution Observation Period: [As specified in the Payout Conditions] / [●]

- (vii) Number of Notes: [As specified in the Payout Conditions] / [●]

**PROVISIONS RELATING TO REDEMPTION**

21. **Call Option**<sup>5</sup> [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Specific Payout 1: [Applicable and General Condition 10(b) shall not apply]/Not Applicable]

- (ii) Optional Redemption Specific Payout 2: [Applicable and General Condition 10(b) shall not apply]/Not Applicable]

- Secondary Reference Asset: [Cross Currency Swap] [Credit Default Swap]

- (iii) Fees(OR): [●]

- (iv) Relevant FX Rate: [Applicable/Not Applicable]

Inversion: [Applicable/Not Applicable]

- (a) Reference Asset Currency: [●]

<sup>5</sup> Please note that Clearstream requires a minimum of 5 Business Days notice for Call option, so as to allow our Income / Corporate Actions teams to process the options efficiently.



- (b) Relevant FX Rate Price Source: [●]
- (c) Relevant FX Rate Valuation Time: [●]
- (v) Optional Redemption Valuation Date: [As specified in the Payout Conditions] / [●]
- (vi) Optional Redemption FX Valuation Date: [Optional Redemption Valuation Date] [●] [Not Applicable]
- (vii) Potential Optional Redemption Event Observation Period: [As specified in the Payout Conditions] / [●]
- (viii) Number of Notes: [As specified in the Payout Conditions] / [●]
- (ix) Optional Redemption Date: [As specified in the Payout Conditions] / [●]
- (x) Optional Redemption Payment Date: [●]
- (xi) In cases where neither Optional Redemption Specific Payout 1 nor Optional Redemption Specific Payout 2 is applicable: [Applicable and General Condition 10(b) shall apply, as modified herein] / [Not Applicable]
  - (a) Optional Redemption Date (Call): [●]
  - (b) Optional Redemption Amount (Call) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (c) If redeemable in part:
    - (I) Minimum Redemption Amount: [●] per Calculation Amount
    - (II) Maximum Redemption Amount: [●] per Calculation Amount
  - (d) Notice period: [●]

22. **Put Option**<sup>6</sup> [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date (Put): [●]
- (ii) Optional Redemption Amount (Put) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]

<sup>6</sup> Please note that Clearstream requires a minimum of 15 Business Days notice for a Put option, so as to allow our Income / Corporate Actions teams to process the options efficiently.

23. **Final Redemption Amount of each Note**

- (i) Final Redemption Specific Payout 1: [Applicable/Not Applicable]
- (ii) Final Redemption Specific Payout 2: [Applicable/Not Applicable]
  - Secondary Reference Asset: [Cross Currency Swap, Credit Default Swap]
- (iii) Fees(FR): [●]
- (iv) Relevant FX Rate: [Applicable/Not Applicable]  
Inversion [Applicable/Not Applicable]
  - (a) Reference Asset Currency: [●]
  - (b) Relevant FX Rate Price Source: [●]
  - (c) Relevant FX Rate Valuation Time: [●]
- (v) Final FX Valuation Date: [As specified in the Payout Conditions] [●] [Not Applicable]
- (vi) Number of Notes: [As specified in the Payout Conditions] / [●]
- (vii) In cases where the Final Redemption Amount is Reference Asset-Linked or other variable-linked and neither Final Redemption Specific Payout 1 nor Final Redemption Specific Payout 2 is applicable: [Applicable/Not Applicable]
  - (a) Conditions for determining final redemption amount where calculated by reference to Reference Asset(s) and/or other variable [give or annex details]
  - (b) Conditions for determining final redemption amount where calculation by reference to Reference Asset(s) and/or other variable is impossible or impracticable or otherwise disrupted: [give or annex details]

24. **Early Redemption Amount:** [Not Applicable] [As specified in the General Conditions] [Specify below]

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

25. **Issuer Disruption Events**

- (i) Banking Event: [Applicable/Not Applicable]
  - (a) Relevant Jurisdiction: [●]
  - (b) Alternate Currency: [●]
- (ii) Currency Event: [Applicable/Not Applicable]
  - (a) Relevant Jurisdiction: [●]
  - (b) Alternate Currency: [●]
- (iii) Issuer Government Event: [Applicable/Not Applicable]
- (iv) Accounting Policy Change Event: [Applicable/Not Applicable]
- (v) Other events: [Not Applicable/Applicable: *[specify]*]

26. **Reference Asset:** [Applicable/Not Applicable]

- (i) Bond: [Applicable/Not Applicable]
  - (a) Relevant Bond: [●]
  - (b) Reference Entity: [●]
  - (c) Relevant Bond Original Principal Amount: [●]

Summary of relevant interest provisions in respect of the Bond:

*[Insert details of interest amount, interest rate, interest period, interest payment dates, and any other relevant information related to the payment of interest under the Bond]*

This information is included for information only, and is a summary of some of the main provisions (if any) related to the payment of interest under the Bond. Holders of Notes cannot rely on this information, which is qualified in its entirety by the actual provisions of the Bond

- (ii) Loan: [Applicable/Not Applicable]
  - (a) Relevant Loan: [●]
  - (b) Reference Entity: [●]
  - (c) Relevant Loan Original Principal Amount: [●]

Summary of relevant interest provisions in respect of the Loan:

*[Insert details of interest amount, interest rate, interest period, interest payment dates, and any other relevant information related to the payment of interest under the Loan]*

This information is included for information only, and is a summary of some of the main provisions (if any) related to the payment of interest under the Loan. Holders of Notes cannot rely on this information, which is qualified in its entirety by the actual provisions of the Loan

- (iii) Total Return Swap: [Applicable/Not Applicable]
  - (a) Relevant Total Return Swap: [See the relevant Schedule for the material terms]
  - (b) Relevant TRS Original Notional Amount: [●]
  - (c) Relevant TRS Party: [Party A] [Party B]
- (iv) Cross Currency Swap: [Applicable / Not Applicable]
  - (a) Relevant Cross Currency Swap: [See the relevant Schedule for the material terms]
  - (b) Relevant CCS Original Notional Amount: [●]
  - (c) Relevant CCS Party: [Party A] [Party B]
- (v) Credit Default Swap: [Applicable / Not Applicable]
  - (a) Relevant Credit Default Swap: [See the relevant Schedule for the material terms]
  - (b) Relevant CDS Original Notional Amount: [●]
  - (c) Relevant CDS Party: [Party A] [Party B]

27. **Bond Linked Conditions:** Applicable

- (i) Potential Optional Redemption Events:
  - (a) Early Bond Redemption: [Applicable / Not Applicable]
  - (b) Bankruptcy: [Applicable / Not Applicable]
  - (c) Convertibility Event: [Applicable / Not Applicable]
  - (d) Failure to Pay: [Applicable / Not Applicable]
  - (e) Governmental Intervention: [Applicable / Not Applicable]
  - (f) Obligation Acceleration: [Applicable / Not Applicable]
  - (g) Obligation Default: [Applicable / Not Applicable]
  - (h) Repudiation / Moratorium: [Applicable / Not Applicable]
  - (i) Restructuring: [Applicable / Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

Total Reference Bond [●][,or, on any day following [Issue Date / *other date*], such other amount (and which may be higher or lower than such amount) as may be determined by the Calculation Agent (in its sole and absolute discretion) from time to time as being reflective of the aggregate principal amount of the Reference Asset outstanding on such day that are reflective of the Issuer's Hedge Positions on or around such day, as determined by the

Calculation Agent (in its sole and absolute discretion)]

(j) Sovereign Event: [Applicable / Not Applicable]

(k) Other event(s): [●]

(ii) Additional Disruption Events:

(a) Adjustment and/or Disruption Event: [Applicable / Not Applicable]

(b) Change in Law: [Applicable / Not Applicable]

(c) Hedging Disruption: [Applicable / Not Applicable]

(d) Increased Cost of Hedging: [Applicable / Not Applicable]

(e) Other event(s): [●]

(f) Trade Date: [●]

28. **Loan Linked Conditions:** [Applicable / Not Applicable]

(i) Potential Optional Redemption Events:

(a) Early Loan Redemption: [Applicable / Not Applicable]

(b) Bankruptcy: [Applicable / Not Applicable]

(c) Convertibility Event: [Applicable / Not Applicable]

(d) Failure to Pay: [Applicable / Not Applicable]

(e) Governmental Intervention: [Applicable / Not Applicable]

(f) Obligation Acceleration: [Applicable / Not Applicable]

(g) Obligation Default: [Applicable / Not Applicable]

(h) Repudiation / Moratorium: [Applicable / Not Applicable]

(i) Restructuring: [Applicable / Not Applicable]

(j) Sovereign Event: [Applicable / Not Applicable]

(k) Other event(s): [●]

(ii) Additional Disruption Events:

(a) Adjustment and/or Disruption Event: [Applicable / Not Applicable]

(b) Change in Law: [Applicable / Not Applicable]

(c) Hedging Disruption: [Applicable / Not Applicable]

(d) Increased Cost of Hedging: [Applicable / Not Applicable]

(e) Other event(s): [●]

(f) Trade Date: [●]

Potential Optional Redemption  
Events:

29. **TRS Linked Conditions:** [Applicable / Not Applicable]

(i) Potential Optional Redemption  
Events:

(a) Early TRS Termination: [Applicable / Not Applicable]

(b) TRS Provision Modification: [Applicable / Not Applicable]

(c) Bankruptcy: [Applicable / Not Applicable]

(d) Convertibility Event: [Applicable / Not Applicable]

(e) Failure to Pay: [Applicable / Not Applicable]

(f) Repudiation / Moratorium: [Applicable / Not Applicable]

(g) Other event(s): [●]

(ii) Additional Disruption Events:

(a) Change in Law: [Applicable / Not Applicable]

(b) Hedging Disruption: [Applicable / Not Applicable]

(c) Increased Cost of Hedging: [Applicable / Not Applicable]

(d) Other event(s): [●]

(e) Trade Date: [●]

30. **CCS Linked Conditions:** [Applicable / Not Applicable]

(i) Potential Optional Redemption  
Events:

(a) Early CCS Termination: [Applicable / Not Applicable]

(b) CCS Provision Modification: [Applicable / Not Applicable]

(c) Bankruptcy: [Applicable / Not Applicable]

(d) Convertibility Event: [Applicable / Not Applicable]

(e) Failure to Pay: [Applicable / Not Applicable]

(f) Repudiation / Moratorium: [Applicable / Not Applicable]

(g) Other event(s): [●]

(ii) Additional Disruption Events:

(a) Change in Law: [Applicable / Not Applicable]

(b) Hedging Disruption: [Applicable / Not Applicable]

(c) Increased Cost of Hedging: [Applicable / Not Applicable]

(d) Other event(s): [●]

- (e) Trade Date: [●]
31. **CDS Linked Conditions:** [Applicable / Not Applicable]
- (i) Potential Optional Redemption Events:
- (a) Early CDS Termination: [Applicable / Not Applicable]
- (b) CDS Provision Modification: [Applicable / Not Applicable]
- (c) Bankruptcy: [Applicable / Not Applicable]
- (d) Convertibility Event: [Applicable / Not Applicable]
- (e) Failure to Pay: [Applicable / Not Applicable]
- (f) Repudiation / Moratorium: [Applicable / Not Applicable]
- (g) Other event(s): [●]
- (ii) Additional Disruption Events:
- (a) Change in Law: [Applicable / Not Applicable]
- (b) Hedging Disruption: [Applicable / Not Applicable]
- (c) Increased Cost of Hedging: [Applicable / Not Applicable]
- (d) Other event(s): [●]
- (e) Trade Date: [●]
32. **Strike Date:** [●]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

33. **Form of Notes:** **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]<sup>7</sup>
- [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Consider whether General Condition 12(f) (Unmatured Coupons void) applies. To specify so if it applies.]*
- Registered Notes**
- [Global Note Certificate exchangeable for Individual Note Certificates on [●] days' notice/at any time/ in the limited circumstances described in the Global Note Certificate]

<sup>7</sup> if the Specified Denominations of the Notes in paragraph [6] includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]", the Temporary Global Note shall not be exchangeable on [●] days' notice.

34. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details]
35. Additional Business Centre(s): [Not Applicable/give details]
36. Principal Financial Centre(s): [As defined in General Condition 2(a) (*Interpretation – Definitions*) / Specify, if different from default]
37. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
38. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made: [Not Applicable/give details]
39. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
40. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Final Terms apply]
41. Consolidation provisions: [The provisions in General Condition 21 (*Further Issues*) annexed to this Final Terms] apply]
42. Any applicable currency disruption/fallback provisions: [Not Applicable/give details]
43. Rounding: [As specified in General Condition 25 [Other: *specify*]]
44. Other terms or special conditions: [Not Applicable/give details]

## DISTRIBUTION

45. If syndicated, names of Managers: [Not Applicable/give names]
46. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
47. Total commission and concession: [[●] per cent. of the Aggregate Nominal Amount] [Not Applicable]
48. U.S. Selling Restrictions: [Reg. S Category 2]  
*(In the case of Bearer Notes)* - [C RULES / D RULES / TEFRA not applicable]  
*(In the case of Registered Notes)* - TEFRA not applicable
49. Additional selling restrictions: [Not Applicable/give details]

## OPERATIONAL INFORMATION

50. ISIN Code: [●]
51. Common Code: [●]
52. CMU Instrument Number: [●]
53. Any clearing system(s) other than Euroclear/Clearstream, Luxembourg, and [Not Applicable / give name(s) and number(s)]



the CMU Service and the relevant identification number(s):

54. Delivery: Delivery [against/free of] payment
55. Calculation Agent: [Bank of China Limited] [*Other, give details*]
56. Additional Paying Agent(s) (if any): [●]

#### **GENERAL**

57. The aggregate principal amount of Notes issued has been translated into United States dollars at the rate of [●], producing a sum of (for Notes not denominated in United States dollars): [Not Applicable/US\$]

#### **LISTING AND ADMISSION TO TRADING**

Following the issue of the Notes application will be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Budapest Stock Exchange, which is a regulated market for the purposes of MiFID II (Directive 2014/65/EC). Accordingly, any such listing will require the approval of the National Bank of Hungary.

#### **USE OF PROCEEDS**

As specified in the "Use of Proceeds" section in the Listing Base Prospectus.

#### **PURPOSE OF FINAL TERMS**

This Final Terms comprises the final terms required for admission of the Notes described herein (and issued pursuant to the U.S.\$ 2,000,000,000 structured notes programme of the Issuer) to the regulated market of the Budapest Stock Exchange.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Final Terms.

The Issuer acknowledges that it will be bound by the provisions of the Trust Deed.

#### **ISSUE SPECIFIC SUMMARY**

[*To be inserted at the time of the respective individual Note issue.*]

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF THE ISSUER

### **SELECTED FINANCIAL INFORMATION**

The following information has been extracted from the Bank's 2017 Annual Report and the Bank's 2018 Quarterly Interim Report.

Note: The financial information in this report has been prepared in accordance with IFRS. The data are presented in RMB and reflect amounts related to the Group, unless otherwise noted.

		Unit: RMB million						
	Note	2018 Q1 (unaudited)	2017 Q1 (unaudited)	2017	2016	2015	2014	2013
<b>Results of operations</b>								
Net interest income		86,051	78,608	338,389	306,048	328,650	321,102	283,585
Non-interest income	1	40,035	50,915	145,372	179,608	145,262	135,226	123,924
Operating income		126,086	129,523	483,761	485,656	473,912	456,328	407,509
Operating expenses		-43,397	-42,986	-173,859	-175,069	-185,401	-177,788	-172,314
Impairment losses on assets		-15,495	-22,243	-88,161	-89,072	-59,274	-48,381	-23,510
Operating profit		67,194	64,294	221,741	221,515	229,237	230,159	211,685
Profit before income tax		67,683	64,633	222,903	222,412	231,571	231,478	212,777
Profit for the Period		52,183	50,327	184,986	184,051	179,417	177,198	163,741
Profit attributable to equity holders of the Bank		49,001	46,649	172,407	164,578	170,845	169,595	156,911
Total dividend of ordinary shares		N.A.	N.A.	N.A.	49,457	51,518	55,934	54,755
<b>Financial position</b>								
Total assets		20,159,826	18,917,549	19,467,424	18,148,889	16,815,597	15,251,382	13,874,299
Loans, gross		11,130,549	10,364,753	10,896,558	9,973,362	9,135,860	8,483,275	7,607,791
Allowance for loan impairment losses		-268,366	-239,787	-252,254	-237,716	-200,665	-188,531	-168,049
Investments	2	4,721,088	4,169,309	4,554,722	3,972,884	3,595,095	2,710,375	2,403,631
Total liabilities		18,576,156	17,388,917	17,890,745	16,661,797	15,457,992	14,067,954	12,912,822
Due to customers		14,351,098	13,759,960	13,657,924	12,939,748	11,729,171	10,885,223	10,097,786
Capital and reserves attribute to equity holders of the Bank		1,504,277	1,451,448	1,496,016	1,411,682	1,304,946	1,140,859	923,916
Share capital		294,388	294,388	294,388	294,388	294,388	288,731	279,365
<b>Per share</b>								
Basic earnings per share (RMB)		0.16	0.16	0.56	0.54	0.56	0.61	0.56
Dividend per share (before tax, RMB)	3	N.A.	N.A.	0.176	0.168	0.175	0.19	0.196
Net assets per share (RMB)	4	4.77	4.59	4.74	4.46	4.09	3.7	3.31
<b>Key financial ratios</b>								
Return on average total assets (%)	5	1.05	1.09	0.98	1.05	1.12	1.22	1.23
Return on average equity (%)	6	13.92	13.74	12.24	12.58	14.53	17.28	18.04
Net interest margin (%)	7	1.85	1.80	1.84	1.83	2.12	2.25	2.24

Non-interest income to operating income (%)	8	31.75	39.31	30.05	36.98	30.65	29.63	30.41
Cost to income ratio (calculated under domestic regulations, %)	9	26.21	24.18	28.34	28.08	28.3	28.57	30.61
<b>Capital ratios</b>	10							
Common equity tier 1 capital		1,366,246	1,312,602	1,377,408	1,297,421	1,197,868	1,068,706	925,037
Additional tier 1 capital		104,591	103,771	105,002	103,523	103,159	72,923	698
Tier 2 capital		261,836	203,711	264,652	225,173	212,937	250,714	262,768
Common equity tier 1 capital adequacy ratio (%)		10.94	11.16	11.15	11.37	11.1	10.61	9.69
Tier 1 capital adequacy ratio (%)		11.78	12.04	12.02	12.28	12.07	11.35	9.7
Capital adequacy ratio (%)		13.87	13.77	14.19	14.28	14.06	13.87	12.46
<b>Asset quality</b>								
Identified impaired loans to total loans (%)	11	N.A.	N.A.	1.45	1.46	1.43	1.18	0.96
Non-performing loans to total loans (%)	12	1.43	1.45	1.45	1.46	1.43	1.18	0.96
Allowance for loan impairment losses to non-performing loans (%)	13	168.10	159.52	159.18	162.82	153.3	187.6	229.35
Credit cost (%)	14	N.A.	N.A.	0.81	0.91	0.63	0.58	0.32
Allowance for loan impairment losses to total loans (%)	15	2.40	2.31	2.77	2.87	2.62	2.68	2.62
<b>Exchange rate</b>								
USD/RMB year-end middle rate		N.A.	N.A.	6.5342	6.937	6.4936	6.119	6.0969
EUR/RMB year-end middle rate		N.A.	N.A.	7.8023	7.3068	7.0952	7.4556	8.4189
HKD/RMB year-end middle rate		N.A.	N.A.	0.8359	0.8945	0.8378	0.7889	0.7862

Notes:

1 Non-interest income = net fee and commission income + net trading gains/(losses) + net gains/(losses) on financial investments + other operating income.

2 Investments include financial investments available for sale, debt securities held to maturity, financial investments classified as loans and receivables, and financial assets at fair value through profit or loss.

3 Dividend per share is the dividend per ordinary share distributed to ordinary shareholders.

4 Net assets per share = (capital and reserves attributable to equity holders of the Bank at year-end – other equity instruments) ÷ number of ordinary shares in issue at year-end.

5 Return on average total assets = profit for the year ÷ average total assets × 100%. Average total assets = (total assets at the beginning of the year + total assets at year-end) ÷ 2.

6 Return on average equity = profit attributable to ordinary shareholders of the Bank ÷ weighted average capital and reserves attributable to ordinary shareholders of the Bank × 100%. Calculation is based on No. 9 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies — Calculation and Disclosure of Return on Average Equity and Earnings per Share (Revised in 2010) (CSRC Announcement [2010] No. 2) issued by the CSRC.

7 Net interest margin = net interest income ÷ average balance of interest-earning assets × 100%. Average balance is average daily balance derived from the Bank's management accounts (unaudited).

8 Non-interest income to operating income = non-interest income ÷ operating income × 100%.

9 Cost to income ratio is calculated in accordance with the Measures of the Performance Evaluation of Financial Enterprises (Cai Jin [2016] No. 35) formulated by the MOF.

10 In accordance with Capital Rules for Commercial Banks (Provisional) (Y.J.H.L. [2012] No. 1) and related regulations, the capital ratios of 2016, 2015 and 2014 are calculated under the advanced approaches, and the capital ratios of 2013 are calculated under the non-advanced approaches. The capital ratios of 2012 are calculated in accordance with the Regulation Governing Capital Adequacy of Commercial Banks (Y.J.H.L. [2004] No. 2) and related regulations. Therefore, the capital ratios of 2016, 2015 and 2014 should not be compared directly with those of previous years in this regard.

11 Identified impaired loans to total loans = identified impaired loans at year-end ÷ total loans at year-end × 100%.

12 Non-performing loans to total loans = non-performing loans at year-end ÷ total loans at year-end × 100%.

13 Allowance for loan impairment losses to non-performing loans = allowance for loan impairment losses at year-end ÷ non-performing loans at year-end × 100%.

14 Credit cost = impairment losses on loans ÷ average balance of loans × 100%. Average balance of loans = (balance of loans at the beginning of the year + balance of loans at year-end) ÷ 2.

15 Allowance for loan impairment losses to total loans = allowance for loan impairment losses at year-end ÷ total loans at year-end × 100%. Calculation is based on the data of the Bank's domestic institutions.

The following information has been extracted from the Bank's 2017 Annual Report.

Note: The financial information in this report has been prepared in accordance with IFRS. The data are presented in RMB and reflect amounts related to the Group, unless otherwise noted.

Unit: RMB million

	Note	2017	2016	2015	2014	2013
<b>Results of operations</b> Net						
interest income Non-interest income	1	<b>338,389</b>	306,048	328,650	321,102	283,585
Operating income		<b>145,372</b>	179,608	145,262	135,226	123,924
Operating expenses		<b>483,761</b>	485,656	473,912	456,328	407,509
Impairment losses on assets		<b>(173,859)</b>	(175,069)	(185,401)	(177,788)	(172,314)
Operating profit		<b>(88,161)</b>	(89,072)	(59,274)	(48,381)	(23,510)
Profit before income tax		<b>221,741</b>	221,515	229,237	230,159	211,685
Profit for the year		<b>222,903</b>	222,412	231,571	231,478	212,777
Profit attributable to equity holders of the Bank		<b>184,986</b>	184,051	179,417	177,198	163,741
Total dividend of ordinary shares		<b>172,407</b>	164,578	170,845	169,595	156,911
		<b>N.A.</b>	49,457	51,518	55,934	54,755
<b>Financial position</b>						
Total assets	2	<b>19,467,424</b>	18,148,889	16,815,597	15,251,382	13,874,299
Loans, gross		<b>10,896,558</b>	9,973,362	9,135,860	8,483,275	7,607,791
Allowance for loan impairment losses		<b>(252,254)</b>	(237,716)	(200,665)	(188,531)	(168,049)
Investments		<b>4,554,722</b>	3,972,884	3,595,095	2,710,375	2,403,631
Total liabilities		<b>17,890,745</b>	16,661,797	15,457,992	14,067,954	12,912,822
Due to customers		<b>13,657,924</b>	12,939,748	11,729,171	10,885,223	10,097,786
Capital and reserves attributable to equity holders of the Bank		<b>1,496,016</b>	1,411,682	1,304,946	1,140,859	923,916
Share capital		<b>294,388</b>	294,388	294,388	288,731	279,365
<b>Per share</b>						
Basic earnings per share (RMB)		<b>0.56</b>	0.54	0.56	0.61	0.56
Dividend per share (before tax, RMB)	3	<b>0.176</b>	0.168	0.175	0.19	0.196
Net assets per share (RMB)	4	<b>4.74</b>	4.46	4.09	3.70	3.31
<b>Key financial ratios</b>						
Return on average total assets (%)	5	<b>0.98</b>	1.05	1.12	1.22	1.23
Return on average equity (%)	6	<b>12.24</b>	12.58	14.53	17.28	18.04
Net interest margin (%)	7	<b>1.84</b>	1.83	2.12	2.25	2.24
Non-interest income to operating income (%)						
Cost to income ratio (calculated under domestic regulations, %)	8	<b>30.05</b>	36.98	30.65	29.63	30.41
	9	<b>28.34</b>	28.08	28.30	28.57	30.61
<b>Capital ratios</b>						
Common equity tier 1 capital	10	<b>1,377,408</b>	1,297,421	1,197,868	1,068,706	925,037
Additional tier 1 capital		<b>105,002</b>	103,523	103,159	72,923	698
Tier 2 capital		<b>264,652</b>	225,173	212,937	250,714	262,768
Common equity tier 1 capital adequacy ratio (%)		<b>11.15</b>	11.37	11.10	10.61	9.69
Tier 1 capital adequacy ratio (%)		<b>12.02</b>	12.28	12.07	11.35	9.70
Capital adequacy ratio (%)		<b>14.19</b>	14.28	14.06	13.87	12.46
<b>Asset quality</b>						
Identified impaired loans to total loans (%)	11	<b>1.45</b>	1.46	1.43	1.18	0.96
Non-performing loans to total loans (%)	12	<b>1.45</b>	1.46	1.43	1.18	0.96
Allowance for loan impairment losses to non-performing loans (%)	13	<b>159.18</b>	162.82	153.30	187.60	229.35
Credit cost (%)	14	<b>0.81</b>	0.91	0.63	0.58	0.32
Allowance for loan impairment losses to total loans (%)	15	<b>2.77</b>	2.87	2.62	2.68	2.62
<b>Exchange rate</b>						
USD/RMB year-end middle rate		<b>6.5342</b>	6.9370	6.4936	6.1190	6.0969
EUR/RMB year-end middle rate		<b>7.8023</b>	7.3068	7.0952	7.4556	8.4189
HKD/RMB year-end middle rate		<b>0.8359</b>	0.8945	0.8378	0.7889	0.7862

**Notes:**

- 1 Non-interest income = net fee and commission income + net trading gains/(losses) + net gains/(losses) on financial

investments + other operating income.

- 2 Investments include financial investments available for sale, debt securities held to maturity, financial investments classified as loans and receivables, and financial assets at fair value through profit or loss.
- 3 Dividend per share is the dividend per ordinary share distributed to ordinary shareholders.
- 4 Net assets per share = (capital and reserves attributable to equity holders of the Bank at year-end – other equity instruments) ÷ number of ordinary shares in issue at year-end.
- 5 Return on average total assets = profit for the year ÷ average total assets × 100%. Average total assets = (total assets at the beginning of the year + total assets at year-end) ÷ 2.
- 6 Return on average equity = profit attributable to ordinary shareholders of the Bank ÷ weighted average capital and reserves attributable to ordinary shareholders of the Bank × 100%. Calculation is based on *No. 9 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies — Calculation and Disclosure of Return on Average Equity and Earnings per Share (Revised in 2010)* (CSRC Announcement [2010] No. 2) issued by the CSRC.
- 7 Net interest margin = net interest income ÷ average balance of interest-earning assets × 100%. Average balance is average daily balance derived from the Bank's management accounts (unaudited).
- 8 Non-interest income to operating income = non-interest income ÷ operating income × 100%.
- 9 Cost to income ratio is calculated in accordance with the *Measures of the Performance Evaluation of Financial Enterprises* (Cai Jin [2016] No. 35) formulated by the MOF.
- 10 In accordance with *Capital Rules for Commercial Banks (Provisional)* (Y.J.H.L. [2012] No. 1) and related regulations, the capital ratios of 2017, 2016, 2015 and 2014 are calculated under the advanced approaches, and the capital ratios of 2013 are calculated under the non-advanced approaches. The capital ratios of 2017, 2016, 2015 and 2014 should not be compared directly with those of 2013.
- 11 Identified impaired loans to total loans = identified impaired loans at year-end ÷ total loans at year-end × 100%.
- 12 Non-performing loans to total loans = non-performing loans at year-end ÷ total loans at year-end × 100%.
- 13 Allowance for loan impairment losses to non-performing loans = allowance for loan impairment losses at year-end ÷ non-performing loans at year-end × 100%.

- 14 Credit cost = impairment losses on loans  $\div$  average balance of loans  $\times$  100%. Average balance of loans = (balance of loans at the beginning of the year + balance of loans at year-end)  $\div$  2.
- 15 Allowance for loan impairment losses to total loans = allowance for loan impairment losses at year-end  $\div$  total loans at year-end  $\times$  100%. Calculation is based on the data of the Bank's domestic institutions.



The following information has been extracted from the Bank's Report for the First Quarter ended 31 March 2018.

Note: The financial information in this report has been prepared in accordance with IFRS. The data are presented in RMB and reflect amounts related to the Group, unless otherwise noted.

### Consolidated Income Statement

	Unit: RMB million	
	<b>For the three-month period ended 31 March</b>	
	<b>2018</b> (unaudited)	<b>2017</b> (unaudited)
Interest income	163,912	144,807
Interest expense	(77,861)	(66,199)
<b>Net interest income</b>	<b>86,051</b>	<b>78,608</b>
Fee and commission income	28,612	28,268
Fee and commission expense	(2,830)	(2,517)
<b>Net fee and commission income</b>	<b>25,782</b>	<b>25,751</b>
Net trading (losses)/gains	(616)	7,727
Net gains on financial investments	134	264
Other operating income	14,735	17,173
<b>Operating income</b>	<b>126,086</b>	<b>129,523</b>
Operating expenses	(43,397)	(42,986)
Impairment losses on assets	(15,495)	(22,243)
<b>Operating profit</b>	<b>67,194</b>	<b>64,294</b>
Share of results of associates and joint ventures	489	339
<b>Profit before income tax</b>	<b>67,683</b>	<b>64,633</b>
Income tax expense	(15,500)	(14,306)
<b>Profit for the period</b>	<b>52,183</b>	<b>50,327</b>

## I. Capital Adequacy Ratio

Unit: RMB million, except percentages

	As at 31 March 2018	As at 31 December 2017
<b>Calculated in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i><sup>Note</sup></b>		
Net common equity tier 1 capital	1,366,246	1,356,088
Net tier 1 capital	1,470,837	1,461,090
Net capital	1,732,673	1,725,330
Common equity tier 1 capital adequacy ratio	10.94%	11.15%
Tier 1 capital adequacy ratio	11.78%	12.02%
Capital adequacy ratio	<u>13.87%</u>	<u>14.19%</u>
<b>Calculated in accordance with the <i>Regulation Governing Capital Adequacy of Commercial Banks</i></b>		
Core capital adequacy ratio	11.47%	11.69%
Capital adequacy ratio	<u>14.39%</u>	<u>14.56%</u>

Note: The capital adequacy ratios are calculated under the advanced approaches in accordance with the *Capital Rules for Commercial Banks (Provisional)* by using the following to measure risk-weighted assets: Internal Ratings-Based Approach for credit risk, Internal Models Approach for market risk and Standardised Approach for operational risk.

## II. Leverage Ratio

The leverage ratios of the Group calculated in accordance with the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* and the *Capital Rules for Commercial Banks (Provisional)* are as follows:

Unit: RMB million, except percentages

Items	As at 31 March 2018	As at 31 December 2017	As at 30 September 2017	As at 30 June 2017
Net tier 1 capital	1,470,837	1,461,090	1,450,534	1,415,758
Adjusted on- and off- balance sheet assets	<u>21,671,433</u>	<u>20,927,313</u>	<u>20,877,586</u>	<u>20,915,888</u>
Leverage ratio	<u>6.79%</u>	<u>6.98%</u>	<u>6.95%</u>	<u>6.77%</u>

## ***HISTORY AND DEVELOPMENT***

The Bank set up its branch in Hong Kong in 1917. After Bank of China (Hong Kong) Limited became listed on the Hong Kong Stock Exchange in 2002, the Hong Kong branch of the Bank kept a full banking license and became an authorised institution under the laws and regulations of Hong Kong. Bank of China Limited, Hong Kong Branch is positioned to be the offshore investment and financing platform for the Group, with a strategic goal to become the Group's offshore platform to provide comprehensive global financial market services. Bank of China Limited, Hong Kong Branch is incorporated under the laws of People's Republic of China whose principal place of business in Hong Kong is located at 7<sup>th</sup> Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong and its Business Registration Number in Hong Kong is 00209618 – 000. The telephone number of its registered office is (852) 28101203.

The Issuer is not aware of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

## ***BUSINESS OVERVIEW***

Bank of China Limited, Hong Kong Branch is a licensed bank in Hong Kong, with its registered office at Bank of China Tower, 1 Garden Road, Central, Hong Kong, and is currently focussed on the development of its wholesale banking business. A broad range of financial services are offered by the Hong Kong Branch to serve clients' specific needs, including financing and lending services, bond investment and bond underwriting and subscription etc.

In addition, the Bank is an institution registered with the Securities and Futures Commission and may conduct the following regulated activities: (1) dealing in securities, (2) advising on securities, (3) advising on corporate finance and (4) asset management. The issuer commenced the Discretionary Portfolio Management Business in April 2017. For the Discretionary Portfolio Management Business, the Bank takes the roles as an investment manager in respect of managing discretionary managed accounts for institutional or corporate professional investors. The client's assets will be managed by the Bank in accordance with the investment mandate agreed by the client, which is established based on client's investment experience, investment objectives and financial situations.

As China's most internationalised and diversified bank, Bank of China provides a comprehensive range of financial services to customers across the Chinese mainland as well as 51 countries and regions. The Bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. BOC International Holdings Limited, a wholly owned subsidiary, is the Bank's investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited, both wholly owned subsidiaries, run the Bank's insurance business. Bank of China Group Investment Limited, a wholly owned subsidiary, undertakes the Bank's direct investment and investment management business. Bank of China Investment Management Co., Ltd., a controlled subsidiary, operates the Bank's fund management business. BOC Aviation Limited, a controlled subsidiary, is in charge of the Bank's aircraft leasing business.

The Bank optimised and transformed its asset management business to refocus on the substance of asset management business. Building on its competitive advantages in global asset allocation, the Bank launched new products, such as BOC Rong Hui, BOC Strategy, BOC Structural-Linked Products and BOC Accumulated Asset Series (USD), to fulfil customers' diversified investment needs. In the first half of 2017, the Bank had issued 3,936 wealth management products with a total outstanding value of RMB1,438.6 billion, including RMB1,100.4 billion of non-principal-guaranteed products and RMB338.2 billion of principal-guaranteed products. The Bank also established Private Wealth Management Product Centres to provide differentiated products for clients with diverse risk appetites. Meanwhile, the Bank expanded its investment targets in the private equity and capital markets, broadened investment channels and optimised overall asset allocation to improve asset yields. It leveraged the advantage of cross-border integration within the BOC Group to promote its overseas asset management business. It established Bank of China Asset

Management Centre (Asia) and Bank of China Asset Management Centre (Europe), which successfully issued the BOC Group's first Undertakings for Collective Investment in Transferable Securities (UCITS) fund.

China's banking sector remained stable. The banking sector supported supply-side structural reform and constantly improved its ability to serve the real economy. As at the end of 2016, the total assets of China's banking industry grew by 15.8% from the prior year-end to RMB232.3 trillion, while total liabilities increased by 16% to RMB214.8 trillion. Commercial banks recorded profit after tax of RMB1.65 trillion, an increase of 3.54% compared with the prior year. The outstanding non-performing loans (NPLs) stood at RMB1.5123 trillion, with an NPL ratio of 1.74%.

In the future, the Bank will implement national macroeconomic policy, uphold the strategic goal of "Serving Society, Delivering Excellence", maintain the overall theme of seeking progress while ensuring stability and make solid progress towards key tasks related to "innovation, transformation, mitigation and control", in pursuit of the sustainable and healthy development of all businesses. First, the Bank will persevere in international development. It will accelerate the construction of the "Belt and Road" financial artery, fully leverage its global operations and traditional advantages and continue to improve its international development system while helping domestic enterprises to "Going Global". Second, the Bank will persevere in serving the people. Dedicated to a customer-centric approach, the Bank will accelerate the improvement of business procedures and comprehensively enhance customer experience. Third, the Bank will persevere in serving SMEs. The Bank will optimise the business flow of the "Credit Factory", further develop cross-border matchmaking services and encourage innovation-driven development. Fourth, the Bank will persevere in technological innovation. The Bank will strengthen the guiding role of technology, continue to develop mobile finance, smart counters, and e-finance, and promote deeper integration between business and technology. Fifth, the Bank will persevere in team building.

#### ***RELATIONSHIP BETWEEN THE ISSUER AND THE BANK***

The Issuer is an overseas branch and is an integral part of the Bank. Under Hong Kong and PRC law the Issuer and the Bank are the same legal entity and obligations of the Issuer shall be considered as obligations of the Bank.

#### ***ORGANISATIONAL STRUCTURE***

As at 31 December 2017, the Bank had a total of 11,605 domestic and overseas institutions, including 11,060 institutions in the Chinese mainland and 545 institutions in Hong Kong, Macau, Taiwan and other countries. Its domestic commercial banking business comprised 10,674 institutions, including 37 tier-1 and direct branches, 336 tier-2 branches and 10,300 outlets. Bank of China Limited, Hong Kong Branch (the "Issuer") is positioned to be the offshore investment and financing platform for the Group, with a strategic goal to become the Group's offshore platform to provide comprehensive global financial market services.

The Issuer is dependent on the following entities within the Group:

The Issuer has outsourced back-office functions such as accounting, settlement, etc. to Bank of China (Hong Kong) Limited, which is a subsidiary of the Bank.

#### ***TREND INFORMATION***

The Issuer is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

#### ***PROFIT FORECASTS OR ESTIMATES***

The Issuer does not include any profit forecast or a profit estimate in the Listing Base Prospectus.

**THE BANK'S ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES**

**Incumbent Directors, Supervisors and Senior Management Members**

<b>Name</b>	<b>Year of birth</b>	<b>Gender</b>	<b>Position</b>	<b>Term of office</b>
CHEN Siqing	1960	Male	Chairman	From April 2014 to the date of the Annual General Meeting in 2020
REN Deqi	1963	Male	Executive Director and Executive Vice President	From December 2016 to the date of the Annual General Meeting in 2019
ZHANG Xiangdong	1957	Male	Non-executive Director	From July 2011 to the date of the Annual General Meeting in 2020
LI Jucai	1964	Male	Non-executive Director	From September 2015 to the date of the Annual General Meeting in 2018
XIAO Lihong	1965	Female	Non-executive Director	From August 2017 to the date of the Annual General Meeting in 2020
WANG Xiaoya	1964	Female	Non-executive Director	From August 2017 to the date of the Annual General Meeting in 2020
ZHAO Jie	1962	Male	Non-executive Director	From August 2017 to the date of the Annual General Meeting in 2020
Nout WELLINK	1943	Male	Independent Director	From October 2012 to the date of the Annual General Meeting in 2018
LU Zhengfei	1963	Male	Independent Director	From July 2013 to the date of the Annual General Meeting in 2019
LEUNG Cheuk Yan	1951	Male	Independent Director	From September 2013 to the date of the Annual General Meeting in 2019
WANG Changyun	1964	Male	Independent Director	From August 2016 to the date of the Annual General Meeting in 2019
Angela CHAO	1973	Female	Independent Director	From January 2017 to the date of the Annual General Meeting in 2019
WANG Xiquan	1960	Male	Chairman of the Board of Supervisors	From November 2016 to the date of the Annual General Meeting in 2019
WANG Xueqiang	1957	Male	Shareholder Supervisor	From August 2004 to the date of the Annual General Meeting in 2019
LIU Wanming	1958	Male	Shareholder Supervisor	From August 2004 to the date of the Annual General Meeting in 2019
DENG Zhiying	1959	Male	Employee Supervisor	From August 2010 to the date of the 2019 Employee Delegates' Meeting
GAO Zhaogang	1969	Male	Employee Supervisor	From April 2016 to the date of the 2019 Employee Delegates' Meeting
XIANG Xi	1971	Female	Employee Supervisor	From August 2012 to the date of the 2019 Employee Delegates' Meeting

Name	Year of birth	Gender	Position	Term of office
CHEN Yuhua	1953	Male	External Supervisor	From June 2015 to the date of the Annual General Meeting in 2018
ZHANG Qingsong	1965	Male	Executive Vice President and Chief Information Officer	Executive Vice President from November 2016 and Chief Information Officer from March 2017
LIU Qiang	1971	Male	Executive Vice President	From November 2016
FAN Dazhi	1964	Male	Secretary of Party Discipline Committee	From December 2016
PAN Yuehan	1964	Male	Chief Risk Officer	From April 2016
XIAO Wei	1960	Male	Chief Audit Officer	From November 2014

Note: During the reporting period, no director, supervisor or senior management member held any share of the Bank.

#### Former Directors, Supervisors and Senior Management Members

Name	Year of birth	Gender	Position held before leaving the post	Term of office
TIAN Guoli	1960	Male	Chairman	From May 2013 to August 2017
GAO Yingxin	1962	Male	Executive Director and Executive Vice President	From December 2016 to January 2018
WANG Wei	1957	Male	Non-executive Director	From September 2014 to January 2017
ZHANG Qi	1972	Male	Non-executive Director	From July 2011 to June 2017
LIU Xianghui	1954	Male	Non-executive Director	From October 2014 to June 2017
XU Luode	1962	Male	Executive Vice President	From June 2015 to June 2017
GENG Wei	1963	Male	Secretary to the Board of Directors and Company Secretary	Secretary to the Board of Directors from June 2015 to March 2018 and Company Secretary from October 2015 to March 2018

Note: No former director or senior management member held any share of the Bank during their terms of office.

#### Board of Directors

Name	Position	Name	Position
CHEN Siqing	Chairman	Nout WELLINK	Independent Director
REN Deqi	Executive Director and Executive Vice President	LU Zhengfei	Independent Director
		LEUNG Cheuk Yan	Independent Director

ZHANG Xiangdong	Non-executive Director	WANG Changyun	Independent Director
LI Jucai	Non-executive Director	Angela CHAO	Independent Director
ZHAO Jie	Non-executive Director		

Notes:

- The information listed in the above table pertains to the incumbent directors.
- Ms. Angela CHAO began to serve as Independent Director and member of the Audit Committee, the Risk Policy Committee and the Connected Transactions Control Committee of the Board of Directors of the Bank as of 4 January 2017.
- Mr. WANG Wei ceased to serve as Non-executive Director and member of the Strategic Development Committee and the Risk Policy Committee of the Board of Directors of the Bank as of 19 January 2017 due to the change of job.
- Mr. ZHANG Qi ceased to serve as Non-executive Director and member of the Strategic Development Committee and the Personnel and Remuneration Committee of the Board of Directors of the Bank as of 30 June 2017 due to the expiration of his term of office.
- Mr. LIU Xianghui ceased to serve as Non-executive Director and member of the Strategic Development Committee and the Risk Policy Committee of the Board of Directors of the Bank as of 30 June 2017 due to the expiration of his term of office.
- Mr. ZHAO Jie began to serve as Non-executive Director as of 4 August 2017, and member of the Audit Committee and the Risk Policy Committee of the Board of Directors of the Bank as of 28 August 2017.
- Mr. TIAN Guoli ceased to serve as Chairman of the Board of Directors, Executive Director and Chairman and member of the Strategic Development Committee of the Board of Directors of the Bank as of 16 August 2017 due to the change of job.
- Mr. CHEN Siqing began to serve as Chairman of the Board of Directors and Chairman of the Strategic Development Committee of the Board of Directors of the Bank, and ceased to serve as Vice Chairman of the Board of Directors of the Bank, all with effect from 29 August 2017.
- The 2016 Annual General Meeting of the Bank held on 29 June 2017 considered and approved the proposal on the election of Ms. XIAO Lihong to be appointed as Non-executive Director of the Bank and the proposal on the election of Ms. WANG Xiaoya to be appointed as Non-executive Director of the Bank. The qualifications of Ms. XIAO Lihong and Ms. WANG Xiaoya as Non-executive Directors of the Bank are subject to the approval by CBRC.
- During the reporting period, none of the directors held any share of the Bank.

## Board of Supervisors

Name	Position	Name	Position
WANG Xiquan	Chairman of the Board of Supervisors	GAO Zhaogang	Employee Supervisor
WANG Xueqiang	Shareholder Supervisor	XIANG Xi	Employee Supervisor
LIU Wanming	Shareholder Supervisor	CHEN Yuhua	External Supervisor
DENG Zhiying	Employee Supervisor		

Notes:

- 1 The information listed in the above table pertains to the incumbent supervisors.
- 2 Mr. GAO Zhaogang began to serve as member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 20 February 2017.
- 3 Mr. CHEN Yuhua began to serve as Chairman of the Financial and Internal Control Supervision Committee of the Board of Supervisors of the Bank as of 20 February 2017.
- 4 During the reporting period, none of the supervisors held any share of the Bank.

## Senior Management

Name	Position	Name	Position
REN Deqi	Executive Director and Executive Vice President	FAN Dazhi	Secretary of Party Discipline Committee
		PAN Yuehan	Chief Risk Officer
ZHANG Qingsong	Executive Vice President and Chief Information Officer	XIAO Wei	Chief Audit Officer
LIU Qiang	Executive Vice President	GENG Wei	Secretary to the Board of Directors and Company Secretary

Notes:

- 1 The information listed in the above table pertains to the incumbent senior management members.
- 2 Mr. ZHANG Qingsong began to serve concurrently as Chief Information Officer of the Bank as of 31 March 2017.
- 3 Mr. XU Luode ceased to serve as Executive Vice President of the Bank as of 11 June 2017.
- 4 Mr. CHEN Siqing ceased to serve as President of the Bank as of 16 August 2017. Mr. CHEN Siqing will perform the duties as President of the Bank before the new President is appointed by the Bank and approved by CBRC.
- 5 During the reporting period, none of the senior management members held any share of the Bank.

## **BOARD PRACTICES**

The Audit Committee of the Bank comprises seven members, including Non-executive Directors Mr. LI Jucai, Mr. ZHAO Jie and Independent Directors Mr. Nout WELLINK, Mr. LU Zhengfei, Mr. LEUNG Cheuk Yan, Mr. WANG Changyun and Ms. Angela CHAO. Independent Director Mr. LU Zhengfei serves as the Chairman of the committee.

The committee is mainly responsible for reviewing financial reports and other significant accounting policies and regulations formulated by the Senior Management; reviewing the external auditors' audit opinion on financial reporting, annual audit plan and recommendations for management; approving the annual internal audit plan and budget; appraising the duty performance and work quality and effect of the external auditors and internal audit and monitoring their independence; recommending the engagement, reappointment, replacement and audit fee of the external auditors; recommending the appointment and dismissal and appraising the performance of the Chief Audit Officer; overseeing the Bank's internal control function,



reviewing material deficiencies in internal control design and execution by the Senior Management and investigating fraud cases; reviewing the employee reporting system and urging the Bank to conduct fair investigations and take appropriate measures regarding matters reported by the employees.

The actual performance of the Bank's corporate governance was fully in compliance with the Company Law and the requirements for the governance of listed companies set out in the normative documents of CSRC. The Bank also strictly observed the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Hong Kong Listing Rules.

### **MAJOR SHAREHOLDERS**

The register maintained by the Bank under section 336 of the SFO recorded that, as at 31 December 2017, the shareholders indicated in the following table were substantial shareholders having interests in shares of the Bank (as defined in the SFO):

Name of shareholder	Capacity (types of interest)	Number of shares held/ Number of underlying shares (unit: share)	Type of shares	Percentage of total issued A-Share capital	Percentage of total issued H-Share capital	Percentage of total issued ordinary share capital
Central Huijin Investment Ltd.	Beneficial owner	188,461,533,607	A	89.42%	-	64.02%
	Interest of controlled corporations	1,810,024,500	A	0.86%	-	0.61%
	Total	190,271,558,107	A	90.28%	-	64.63%
National Council for Social Security Fund	Beneficial owner	7,518,157,041	H	-	8.99%	2.55%
BlackRock, Inc.	Interest of controlled corporations	5,979,827,830	H	-	7.15%	2.03%
		1,064,000(S)	H	-	0.00127%	0.00036%
JPMorgan Chase & Co.	Beneficial owner	1,275,055,949	H	-	1.52%	0.43%
		290,074,918(S)	H	-	0.35%	0.10%
	Investment manager	441,487,694	H	-	0.53%	0.15%
	Trustee	28,325	H	-	0.00003%	0.00001%
	Custodian corporation/ approved lending agent	2,500,393,560(P)	H	-	2.99%	0.85%
	Total	4,216,965,528	H	-	5.04%	1.43%
		290,074,918(S)	H	-	0.35%	0.10%
2,500,393,560(P)		H	-	2.99%	0.85%	

Notes:

- 1 BlackRock, Inc. holds the entire issued share capital of BlackRock Holdco 2 Inc., while BlackRock Holdco 2 Inc. holds the entire issued share capital of BlackRock Financial Management, Inc. Thus BlackRock, Inc. and BlackRock Holdco 2 Inc. are deemed to have equal interests in shares of the Bank as BlackRock Financial Management, Inc. under the SFO. BlackRock, Inc. holds a long position of 5,979,827,830 H Shares and a short position of 1,064,000 H Shares of the Bank through BlackRock Financial Management, Inc. and other corporations controlled by it. In the long position of 5,979,827,830 H Shares, 9,966,000 H Shares are held through derivatives. In the short position of 1,064,000 H Shares, 27,000 H Shares are held through derivatives.
- 2 JPMorgan Chase & Co. holds the entire issued share capital of JPMorgan Chase Bank, N.A. Thus JPMorgan Chase & Co. is deemed to have equal interests in shares of the Bank as JPMorgan Chase Bank, N.A. under the SFO. JPMorgan Chase & Co. holds a long position of 4,216,965,528 H Shares and a short position of 290,074,918 H Shares of the Bank through JPMorgan Chase Bank, N.A. and other corporations controlled by it. In the long position of 4,216,965,528 H Shares, 2,500,393,560 H Shares are held in the lending pool and 266,313,652 H Shares are held through derivatives. In the short position of 290,074,918 H Shares, 281,944,918 H Shares are held through derivatives.
- 3 "S" denotes short position, "P" denotes lending pool.

## SHARE CAPITAL

### Ordinary Shares

#### Changes in Ordinary Share Capital

Unit: Share

	As at 1 January 2017		Increase/decrease during the reporting period					As at 31 December 2017	
	Number of shares	Percentage	Issuance of new shares	Bonus shares	Shares transferred from surplus reserve	Others	Subtotal	Number of shares	Percentage
I. Shares subject to selling restrictions	-	-	-	-	-	-	-	-	-
II. Shares not subject to selling restrictions	294,387,791,241	100.00%	-	-	-	-	-	294,387,791,241	100.00%
1. RMB-denominated ordinary shares	210,765,514,846	71.59%	-	-	-	-	-	210,765,514,846	71.59%
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	83,622,276,395	28.41%	-	-	-	-	-	83,622,276,395	28.41%
4. Others	-	-	-	-	-	-	-	-	-
III. Total Ordinary Shares	294,387,791,241	100.00%	-	-	-	-	-	294,387,791,241	100.00%

Notes:

- 1 As at 31 December 2017, the Bank had issued a total of 294,387,791,241 ordinary shares, including 210,765,514,846 A Shares and 83,622,276,395 H Shares.
- 2 As at 31 December 2017, none of the Bank's A Shares and H Shares were subject to selling restrictions.

With the approvals of CBRC (Yinjianfu [2014] No. 563) and CSRC (Zhengjianxuke [2014] No. 938), the Bank made a non-public issuance of RMB39.94 billion (approximately USD6.5 billion) Offshore Preference Shares on 23 October 2014 in the offshore market. Such Offshore Preference Shares have been listed on the Hong Kong Stock Exchange since 24 October 2014.

With the approvals of CBRC (Yinjianfu [2014] No. 562) and CSRC (Zhengjianxuke [2014] No.990), the Bank made a non-public issuance of RMB32 billion Domestic Preference Shares (First Tranche) on 21 November 2014 in the domestic market. With the approval of SSE (Shangzhenghan [2014] No. 818), Domestic Preference Shares (First Tranche) have been traded on the Comprehensive Business Platform of SSE since 8 December 2014. The Bank made a non-public issuance of RMB28 billion Domestic Preference Shares (Second Tranche) on 13 March 2015 in the domestic market. With the approval of SSE (Shangzhenghan [2015] No. 377), Domestic Preference Shares (Second Tranche) have been traded on the Comprehensive Business Platform of SSE since 31 March 2015.

### ***MATERIAL CONTRACTS***

The Issuer is not aware of any material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes and is based on laws and relevant interpretation thereof in effect as at the date of this Listing Base Prospectus all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.*

### 1. People's Republic Of China Taxation

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of Mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

According to the PRC tax laws, the income received by non-residents from the PRC shall be subject to the PRC withholding tax. In addition, according to the Announcement on Issues concerning the Withholding of Enterprise Income Tax on Interest Paid by Domestic Institutions to Overseas Branches of Chinese Banks (國家稅務總局關於境內機構向我國銀行的境外分行支付利息扣繳企業所得稅有關問題的公 告, the "Announcement") promulgated by the State Administration of Taxation on June 19, 2015, (i) the interest collected from domestic institutions by overseas branches (for example the Issuer) when carrying out domestic business shall be the income of such branches and included in their operating profits, and the enterprise income tax shall be paid after the consolidation with their headquarters (for example the BOC Head Office) and (ii) if overseas branches (for example the Issuer) collect interest as agents only and the claims based on which the interest is generated belong to overseas non-resident enterprises (for example the Noteholders), the enterprise income tax shall still be withheld when domestic institutions pay the interest externally. If the proceeds from issue of the Notes are invested in the FTZ or the Inter-bank Bond Market (銀行間債券市場), the interest of the underlying assets of the Notes may be subject to withholding tax according to the Announcement. Since the Announcement is recently promulgated, there is uncertainty as to how to enforcement of the Announcement by the PRC authorities.

If BOC Head Office shall perform the obligation of paying interest of the Notes in the event and only when the Issuer fails to perform its obligations of paying the interest of the Notes, BOC Head Office will be obliged to withhold PRC income tax at a rate of ten per cent. (for non-resident enterprises) or 20 per cent. (for non-resident individuals) (unless a lower rate is available under an applicable tax treaty) of, and PRC business tax and surcharges at the rate of 5.6 per cent. of, the interest component of the amount payable by BOC Head Office to the Noteholders if the PRC tax authority views such component as an interest income arising within the territory of the PRC.

Non-resident Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside the PRC between non-resident Noteholders, except however, if any gains realized by the non-resident Noteholders from the transfer of the Notes may be regarded as being sourced within the PRC and accordingly would be subject to the rate of 10 per

cent. (for nonresident enterprises) or 20 per cent. (for non-resident individuals) of PRC withholding tax unless there is a lower tax rate applicable.

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Noteholders is maintained outside the PRC) of a Note.

## 2. **Hong Kong Taxation**

### (a) *Withholding Tax*

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### (b) *Profits Tax*

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

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**"), interest on the Notes may be subject to profits tax if it is received by or accrued to:

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

Sums derived from the sale, disposal or redemption of the Notes will not be subject to profits tax in Hong Kong unless such sale, disposal or redemption is or forms part of the revenue or profits of such trade, profession or business carried on in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired or disposed of, including where such activities were undertaken.

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

### (c) *Stamp Duty*

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) (the "**SDO**")).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (A) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (B) the Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration or to the value on the contract notes for such sale, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5.00 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

### 3. **EU Directive on the Taxation of Savings Income ("Savings Directive")**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other member state; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain member states, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a member state. In addition, the member states have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a member state to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. member states have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other member states (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of

information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, member states will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

#### 4. **FATCA**

Whilst the Notes are in global form and held within Euroclear, Clearstream, Luxembourg or the CMU Service (each a "**Clearing System**" and together the "**Clearing Systems**"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances. Further, foreign financial institutions in a jurisdiction which has entered into an IGA are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

#### 5. **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU member states may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## 6. Hungary

*The following is a general discussion of certain Hungarian tax consequences of the acquisition, ownership and disposal of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser of Notes. This summary is based on the laws of Hungary currently in force and as applied on the date of this Listing Base Prospectus, which are subject to change, possibly with retroactive effect.*

*Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country in which they are tax-resident. The acquisition of the Notes by non-Hungarian tax-resident Noteholders or the payment of interest under the Notes may trigger additional tax payments in the country of tax residence of the Noteholder. Such payments are not covered by this summary; it is, therefore, advisable to review the provisions of the applicable treaties on the avoidance of double taxation.*

### ***Taxation of non-Hungarian tax-resident Noteholders other than individuals***

Non-Hungarian tax-resident Noteholders other than individuals are not subject to Hungarian withholding tax on interest received. Profits realised by non-Hungarian tax-resident Noteholders other than individuals in the form of interest or as capital gains on the disposal of the Notes, are not subject to corporate income tax in Hungary, provided that the acquisition, ownership and disposal of the Notes are not attributable to any Hungarian permanent establishment of such Noteholders.

### ***Taxation of individual non-Hungarian tax-resident Noteholders***

Individual non-Hungarian tax-resident Noteholders are subject to tax in Hungary only with respect to their Hungarian source income or income that is otherwise taxable in Hungary if the applicable treaty on the avoidance of double taxation, reciprocity or in the absence of a tax treaty/reciprocity, Act CXVII of 1995 on Personal Income Tax (the **Personal Income Tax Act**) so requires.

Payments received from publicly offered and publicly traded debt securities are considered interest.<sup>8</sup> In general, such income is subject to a 15 per cent. withholding (personal income) tax rate in Hungary. However, provided that Hungary has an applicable treaty on the avoidance of double taxation in place with the country of tax-residence of the Noteholder, such treaty may fully exempt Noteholders from withholding (personal income) tax or may reduce the applicable withholding (personal income) tax rate, with the right to credit the Hungarian withholding tax against the income tax payable in the country of his or her tax residence.

The tax on interest income is to be withheld by the "Payor" (*kifizető*) (as defined below).

Pursuant to Act CL of 2017 on the Rules of Taxation (**ART**) a Payor means a Hungarian resident legal person, other organisation, or private entrepreneur that provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor means the borrower of a loan or, the issuer of a note, including, the investment service provider or credit institution providing the interest instead of the borrower/issuer. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor means such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a Payor.

Capital gains may only be taxed in the state of residence of the private individual under most of the tax treaties (i.e. such income is tax exempt in Hungary). However, if the applicable tax treaty allows Hungary to levy withholding tax, capital gains would be subject to a 15 per cent. withholding (personal income) tax.

### ***Taxation of Hungarian tax-resident Noteholders other than individuals***

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax ("**Corporation Tax Act**"), Hungarian tax-resident taxpayers other than individuals are subject to full, all-inclusive corporate income tax liability. Tax-resident entities are those established under the laws of Hungary. Foreign entities having their place of management in Hungary are also considered to be Hungarian tax-residents. Taxable income is based on the pre-tax profit as shown in the financial statements calculated under Hungarian GAAP or IFRS and adjusted by certain increasing and decreasing items set forth by tax legislation. Taxable income includes all types of

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<sup>8</sup> Please note that the tax consequences of privately placed notes are significantly different.



income realised during the financial year, such as interest income and income from capital gains. The rate of Hungarian corporate income tax is 9 per cent.

Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax and innovation tax on the basis of the proceeds realised on Notes.

#### ***Taxation of individual Hungarian tax-resident Noteholders***

Individual Hungarian tax-resident Noteholders are subject to tax on their worldwide income. Interest received and capital gains realised with respect to publicly traded debt securities<sup>9</sup>, such as the Notes, are subject to personal income tax at 15 per cent. According to the Personal Income Tax Act Individual Hungarian tax residents are:

- (a) any citizen of Hungary (with the exception of dual citizens without a permanent home or habitual abode in Hungary);
- (b) any individual whose stay in Hungary exceeds 183 days, including the day of entry and the day of exit;
- (c) any individual who has permanent resident status, or is a stateless person; and
- (d) any individual, other than those mentioned in points a to c above:

whose only permanent home is in Hungary;

whose centre of vital interests (*léteérdek központja*) is in Hungary if they have no permanent home in Hungary or if Hungary is not the only country where they have a permanent home;

whose habitual abode is in Hungary if there is no permanent home in Hungary or if Hungary is not the only country where they have a permanent home, and if their centre of vital interests is unknown;

where 'centre of vital interests' means the country to which the individual is most closely connected due to family ties and business relations.

An applicable treaty on the avoidance of double taxation may define tax residence prevailing over the domestic definition of tax residence.

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "Payor" (*kifizető*) (as defined below) to deduct tax on the interest payments to individual Noteholders.

Pursuant to the ART a Payor means a Hungarian resident legal person, other organisation, or private entrepreneur that provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor means the borrower of a loan or, the issuer of a note, including, the investment service provider or credit institution providing the interest instead of the borrower/issuer. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor means such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a Payor.

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<sup>9</sup> Notes listed on a regulated market of a Member State are considered publicly offered and traded notes.

## CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg or the CMU Service (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **The Clearing Systems**

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for its customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Notes represented by Global Notes or Global Notes Certificates, as the case may be, among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time.

#### **CMU Service**

The CMU Service is a central depository service provided by the CMU Operator for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Notes**") which are specified in the CMU Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European Clearing Systems), the CMU Operator does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Notes. Instead, the CMU Operator advises the lodging CMU Member (or a

designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the CMU Operator will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the CMU Operator for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

None of the Issuer, the Trustee, the Agents, the Registrar or any Dealer will be responsible for any performance by Clearstream, Luxembourg or Euroclear, the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Notes or Global Notes Certificate, as the case may be, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

***KELER Ltd.***

The settlement of the Notes will involve KELER Ltd., SIX SIS Ltd., Clearstream, Luxembourg and Euroclear.

## TRANSFER RESTRICTIONS

### Regulation S Notes

Each purchaser of Bearer Notes or Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period as defined in Regulation S, by accepting delivery of this Listing Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:
  - (A) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and
  - (B) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;
- (ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:
  - (A) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S;  
or
  - (B) to the Issuer; and
- (iii) it understands that the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Dealer and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify the Issuer.

## REGULATION AND SUPERVISION IN THE PRC

The banking industry is heavily regulated in the PRC, with FSDC, CBRC and PBOC acting as the principal regulatory authorities. CBRC is primarily responsible for supervising and regulating banking institutions, and PBOC, as the central bank of the PRC, is primarily responsible for formulating and implementing monetary policies, and FSDC acts as coordinating body of the State Council on the major issues concerning financial stability and reform and development. The applicable laws and regulations governing activities in the PRC banking industry consist principally of the PRC PBOC Law, the PRC Commercial Banking Law, the Law of PRC on Supervision and Administration of Banking Sector, and rules and regulations promulgated thereunder.

### A. Principal Regulators

Prior to April 2003, PBOC acted as both the PRC's central bank and the principal supervisor and regulator of the banking industry in the PRC. In April 2003, CBRC was established to serve as the primary banking industry regulator and it assumed the majority of bank regulatory functions from PBOC. PBOC retained its role as the central bank but now has a smaller role in the regulation of banking institutions.

#### FSDC

The Party's Central Committee and the State Council have decided to set up the State Council's Financial Stability Development Committee as the coordinating body of major issues concerning financial stability and reform and development. Its main duties are: to implement the decision and strategy related to financial issues made by the Party's Central Committee and the State Council; to review major plans for the reform and development of the financial sector; to make overall plans for the development and regulation of financial reform; to coordinate matters related to monetary policy and financial regulation; to coordinate major financial regulatory issues and related fiscal policies and industrial policies; to analyze and judge the international and domestic financial situations in order to properly deal with international financial risks, to study and prepare systematic financial risk prevention and financial stability policies; to direct the development and regulation of local financial reforms and to conduct supervision on the local Governments.

#### CBRC

##### *Functions and Powers*

CBRC is the primary supervisory authority responsible for the regulation of banking institutions operating in the PRC, including branches and representative offices established by foreign financial institutions in the banking sector in the PRC.

According to the Law of PRC on Supervision and Administration of Banking Sector, the main responsibilities of CBRC include:

- (1) formulating and promulgating rules and regulations governing banking institutions and their business activities;
- (2) reviewing and approving the establishment, change, dissolution and business scope of banking institutions, as well as granting banking licences for commercial banks, their branches and subsidiaries, branches and representative offices of foreign banks in the PRC;
- (3) regulating the business activities of banking institutions, including the products and services they offer;
- (4) setting qualification requirements for, and approving or overseeing the nomination of, directors and senior management personnel of banking institutions;

- (5) setting guidelines and standards for internal controls, risk exposure and corporate governance of, and disclosure requirements for, banking institutions;
- (6) conducting on-site inspection and off-site surveillance of the business activities and risk exposure status of banking institutions;
- (7) monitoring the financial condition of banking institutions, including establishing standards or requirements for capital adequacy, asset quality and other financial metrics;
- (8) imposing corrective and punitive measures for violations of applicable banking regulations;
- (9) formulating prudential regulation principles of banking sector in accordance with laws and administrative regulations;
- (10) working with authorities (including the PBOC and the Ministry of Finance);
- (11) to establish emergency disposal mechanisms and to deal with any emergencies in the banking sector;
- (12) guiding and conducting surveillance on the activities of banking self-disciplinary organisations; and
- (13) carrying out international communication and cooperation activities related to supervisions of the banking sector.

#### *Examination and Supervision*

CBRC, through its head office in Beijing and offices in each province, provincial-level municipality and autonomous region, monitors the operations of commercial banks and their branches through on-site inspections and off-site surveillance. On-site inspections generally include visiting the banks' premises, interviewing bank employees, senior management and directors, as well as reviewing documents and materials maintained by the banks. CBRC also conducts off-site surveillance by reviewing financial and other reports regularly submitted by the banks. Off-site surveillance generally includes the surveillance of banks' business activities and risk exposure status to evaluate and analyse the operational risk of the banks. If a banking institution is not in compliance with a regulation, CBRC has the power to issue corrective and punitive measures, including imposition of fines, suspension of certain business activities, restrictions on distributions of dividends and other income and asset transfers, closure of the institution and other penalties.

#### **PBOC**

As the central bank of the PRC, PBOC is responsible for formulating and implementing monetary policies and maintaining the stability of the financial markets. According to the PRC PBOC Law, PBOC is empowered to:

- (1) formulate and implement monetary policies by establishing benchmark interest rates, setting the deposit reserve ratios for banks, extending loans to commercial banks, accepting discounted bills and conducting open market operations;
- (2) issue PRC treasury bills and other government bonds to financial institutions, as the agent of the MOF;
- (3) issue the currency of Renminbi and regulate the flow of Renminbi
- (4) regulate the inter-bank lending market, inter-bank bond market and inter-bank foreign exchange market;
- (5) set foreign exchange rate policies and manage the PRC's foreign exchange reserves and gold reserves;
- (6) manage the state treasury;
- (7) maintain the normal operation of payment and settlement systems;

- (8) carry out foreign exchange administration and regulate inter-bank foreign exchange market;
- (9) establish anti-money laundering guidelines and monitor fund transfers to ensure that such transfers are in compliance with anti-money laundering regulations;
- (10) act as the central bank of the PRC to conduct relevant international financial activities; and
- (11) collect statistics of, investigate, analyse and forecast the financial industry.

**B. Other Regulatory Authorities**

In addition to FSDC, CBRC and PBOC, commercial banks in the PRC are also subject to the supervision and regulation by other regulatory authorities including, among others, SAFE, CSRC, CIRC and NDRC. For example, in conducting foreign exchange business, banks are subject to the regulation of SAFE; in dealing with securities-related matters such as distributing securities investment funds or acting as the custodians of investment assets of securities institutional investors, banks are subject to the regulation of CSRC; and in conducting bancassurance business, banks are subject to the regulation of CIRC; and in issuing the notes overseas by the domestic banks, the domestic banks are subject to the regulation of NDRC.

**C. Regulations Regarding Capital Adequacy**

In June 2012, the CBRC issued the CBRC Measures regulating CARs of PRC commercial banks. The CBRC Measures, which are intended to reflect the Basel III regulatory capital requirements, set out minimum CAR requirements for commercial banks and provide detailed guidelines on the calculation of "capital" and "risk-weighted assets". The overall CAR requirements are 11.5 per cent. for systematically important commercial banks and 10.5 per cent. for other commercial banks. Commercial banks in the PRC are required to have a CAR of not less than 8 per cent., Tier 1 CAR of not less than 6 per cent. and Common Equity Tier 1 CAR of not less than 5 per cent. The CARs are calculated in accordance with the CBRC Measures as follows:

$$\text{Capital Adequacy Ratio} = \frac{\text{Total Capital} - \text{Deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

$$\text{Tier 1 Capital Adequacy Ratio} = \frac{\text{Tier 1 Capital} - \text{Deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

$$\text{Common Equity Tier 1 Capital Adequacy Ratio} = \frac{\text{Common Equity Tier 1 Capital} - \text{Deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

In November 2012, the CBRC further released the Guiding Opinion on Commercial Banks' Innovation on Capital Instruments (the "**2012 Guiding Opinions**"), setting out the general principles of the innovation of capital instruments of commercial banks and criteria of qualified capital instruments.

In addition, the CBRC Measures requires that commercial banks meet regulatory requirements on capital adequacy ratios as set forth in these Measures before the end of 2018. On 30 November 2012, the CBRC issued ("**Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation**") of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), which requires the satisfaction by systematically important commercial banks and other banks of CAR requirements by the end of 2013, 2014, 2015, 2016, 2017 and 2018 respectively.



## **CONNECTED TRANSACTIONS**

The Bank currently engages in, and expects from time to time in the future to engage in, financial and commercial transactions with its connected parties. All such transactions are conducted on an arm's length and commercial basis and in accordance with the applicable listing rules. For the years ended 2014, 2015, 2016, and 2017 the Bank had no significant connected transactions.

## PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Listing Base Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong, Macau and countries in the Association of Southeast Asian Nations. On 17 June 2010, 24 August 2011 and 3 February 2012 respectively, the PRC government promulgated the *Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades* (關於擴大跨境貿易人民幣結算試點有關問題的通知), the *Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement* (關於擴大跨境貿易人民幣結算地區的通知) and the *Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods* (關於出口貨物貿易人民幣結算企業管理有關問題的通知) (together as "**Circulars**"). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, but the relevant provincial government and the government of a municipality separately listed on the state plans maintain with PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision (the "**Supervision List**").

On 5 July, 2013, the PBOC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

On 1 November 2014, PBOC promulgated the Circular on Matters concerning Centralized Cross-Border Renminbi Fund Operation Conducted by Multinational Enterprise Groups (關於跨國企業集團開展跨境人民幣資金集中運營業務有關事宜的通知) (the "**2014 PBOC Circular**"). On 5 September 2015, PBOC promulgated the Notice of the People's Bank of China on Further Facilitating Multinational Enterprise Groups in Operation of the Cross-Border Bilateral RMB Cash Pooling Business (the "**2015 PBOC Circular**"). According to the 2015 PBOC Circular, a qualified multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for the entire group (without such cash pooling arrangements, the relevant payments and receipts would generally need to be processed individually and cannot be netted off against each other). The 2014 PBOC Circular also provides that enterprises in the China

(Shanghai) Free Trade Pilot Zone ("**Shanghai FTZ**") may irrevocably opt to participate in the local scheme in the Shanghai FTZ and file with the Shanghai Head Office of PBOC.

As new regulations, the Circulars, the above regulations and rules will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

### **Capital Account Items**

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Settlement of capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

In respect of Renminbi foreign direct investments ("**FDI**"), PBOC promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC FDI Measures**") on 13 October 2011 as part of PBOC's detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI. PBOC further issued the Circular on the Relevant Issues on Renminbi Settlement of Investment in Onshore Financial Institutions by Foreign Investors (關於境外投資者投資境內金融機構人民幣結算有關事項的通知) on 23 September 2013, which provides further details for using Renminbi to invest in a financial institution domiciled in the PRC. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

On 11 May 2013, the State Administration of Foreign Exchange of the PRC (國家外匯管理局) ("**SAFE**") promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013. The SAFE Provisions removed previous approval requirements for foreign investors and foreign invested enterprises in opening of, and capital injections into, foreign exchange accounts, although registration for foreign exchange administration is still required. Moreover, foreign investors are now permitted to use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the

transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts, as well as financial regulators).

According to the Circular on the Reform of the Management of the Foreign Exchange Capital Settlement of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) promulgated by SAFE on 30 March 2015, SAFE has decided to reform the management of foreign exchange capital settlement of foreign-invested enterprises nationwide. The discretionary foreign exchange capital settlement of foreign-invested enterprises refers to the foreign exchange capital in the capital account of foreign-invested enterprises, for which confirmation of rights and interests of monetary contribution by the local bureau of SAFE (or the book-entry registration of monetary contribution by the banks) has been obtained, can be settled at banks based on the actual operational needs of enterprises. The proportion of discretionary foreign exchange capital settlement of foreign-invested enterprises is temporarily determined as 100 per cent. Concurrent with the implementation of discretionary foreign exchange capital settlement, foreign-invested enterprises may still choose to use their foreign exchange capital in accordance with the payment-based exchange settlement system.

On 9 June, 2016, the SAFE issued the "Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Settlement Management Policies for Capital Projects" (《国家外汇管理局关于改革和规范资本项目结汇管理政策的通知》) and stipulated that the RMB funds obtained from the settlement of foreign exchange earnings of capital projects of domestic institutions should be included in the settlement account management. Moreover, as of the date of implementation of this circular, foreign exchange bond funds of domestic enterprises (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may be subject to the settlement formalities in accordance with the principle of settlement of foreign exchange.

On 26 November, 2016, the People's Bank of China promulgated the "Notice of the People's Bank of China on Further Deepening the Relevant Matters Concerning the Overseas Lending Business of Renminbi in Domestic Enterprises" (《中国人民银行关于进一步明确境内企业人民币境外放款业务有关事项的通知》) and stipulated that the RMB offshore lending business referred to in the circular refers to the domestic enterprises (hereinafter referred to as lenders) borrowing of Renminbi funds to overseas enterprises (hereinafter referred to as borrowers) through settlement banks (hereinafter referred to as the handling banks) or loans of Renminbi funds to overseas enterprises through settling banks by means of entrusted loans by the enterprise group financial companies. The term "domestic enterprise" as mentioned in the Circular means a non-financial enterprise incorporated in the territory of the People's Republic of China (excluding Hong Kong, Macau and Taiwan). The handling bank shall require the lender to register with the local foreign exchange control department before handling the overseas RMB loan business and handle the business within the limit of the overseas loan balance of the enterprise. Moreover, the lenders should be incorporated for more than 1 year, and should have an equity stake on the borrower. It is necessary for the handling bank to examine strictly whether the overseas borrower's scale of operation is compatible with the scale of the loan and the actual use of the overseas borrowing funds to ensure the authenticity and rationality of the overseas loan. The macro-prudential management of the integration of both domestic and foreign currencies shall be implemented for the overseas lending business of RMB by domestic enterprises. The maximum amount of overseas corporate loans = the latest audited owner's equity \* Macro-prudential coordination coefficient. The lenders may not use their personal funds to make overseas loans to borrowers and may not use their own debt financing as a source of funds for overseas loans. The interest rate lending out to overseas lenders should comply with commercial principles and should be negotiated within reasonable limits but must be greater than zero. The term of the loan should in principle be within 6 months to 5 years and more than 5 years (including 5 years) should be reported to the local branches of the People's Bank for the record.

On 15 May, 2017, the People's Bank of China promulgated the "Administrative Measures on Cross-border Renminbi Payment Information Management System" (《人民币跨境收付信息管理系统管理办法》) and stipulated that the People's Bank of China should set up a system to collect cross-border RMB receipts and

payments and to process related information, statistics, analysis, monitoring and early warning. In addition, banks and related agencies that conduct cross-border RMB business should access the system and strictly follow the 《人民币跨境收付信息管理系统操作和信息报送指南》 published and updated regularly by the People's Bank of China and the relevant regulations to timely, accurately and completely report the cross-border RMB payment and related business information.

To support the development of the Shanghai FTZ, the Shanghai Head Office of PBOC issued the Circular on Supporting the Expanded Cross-border Utilisation of Renminbi in the Shanghai FTZ (關於支持中國(上海)自由貿易試驗區擴大人民幣跨境使用的通知) (the "**PBOC Shanghai FTZ Circular**") on 20 February 2014, which allows banks in Shanghai to settle FDI based on a foreign investor's instruction. On 30 March, 2017, the State Council promulgated the "Notice of the State Council on Issuing the Plan for Deepening the Reform and Opening-up of the China (Shanghai) Pilot Free Trade Zone" (《国务院关于印发全面深化中国(上海)自由贸易试验区改革开放方案的通知》). It also emphasized that it will speed up the construction of an international financial market system, build a RMB global service system and orderly Promote capital account convertibility pilot.

The above regulations and rules, which are relatively new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## GENERAL INFORMATION

### **Authorisation**

The establishment and update of the Programme and the issue of the Notes thereunder were authorised by an approval of the Bank on 28 July 2015. The Bank has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes.

### **Listing of Notes**

No application has been made to the Hong Kong Stock Exchange or any other stock exchange (except as below) for the listing of the Programme. Application will be made to the Budapest Stock Exchange for Notes to be listed on the Budapest Stock Exchange's regulated market, which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

### **Clearing Systems**

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes are specified in the Final Terms. The Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### **Conditions for determining price**

The price and amount of Notes was determined by the Issuer at the time of issue in accordance with prevailing market conditions.

### **Significant/Material Change**

Other than as set out below, there has been no material adverse change in the financial position or prospects of or any significant change in the financial or trading position or prospects of the Issuer or the Group since 31 December 2017 (being the end of the last financial period for which audited financial statements have been published).

The Group's key financial data and indicators which fluctuated over 30% compared with those as at the end of 2017 (audited figures), or compared with those for the three-month period ended 31 March 2018 (unaudited figures) are as follows:

Unit: RMB million, except percentages

Items	As at 31 March 2018	As at 31 December 2017	Change	Main reasons
Placements with and loans to banks and other financial institutions	822,173	575,399	42.89%	Due to increase of placements with and loans to domestic banks and other financial institutions.
Financial assets at fair value through profit or loss	312,012	193,611	61.15%	Due to changes in presentation of financial assets after initial adoption of the new financial instrument standards.
Financial assets at fair value through other comprehensive income	1,659,001	–	N/A	
Financial assets at amortised cost	2,750,075	–	N/A	
Available for sale	–	1,857,222	N/A	
Held to maturity	–	2,089,864	N/A	
Loans and receivables	–	414,025	N/A	
Derivative financial assets	138,360	94,912	45.78%	Due to fluctuation of market parameters.
Placements from banks and other financial institutions	268,852	500,092	-46.24%	Due to decrease of placements from domestic banks and other financial institutions.
Derivative financial liabilities	164,977	111,095	48.50%	Due to fluctuation of market parameters.
Due to customers at fair value	573,295	372,767	53.79%	Due to increase in structured deposits.
Treasury shares	(27)	(102)	-73.53%	Due to decrease in holdings by the Bank's subsidiary of the Bank's stocks.

Unit: RMB million, except percentages

Items	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017	Change	Main reasons
Net trading (losses)/ gains	(616)	7,727	-107.97%	Due to decrease in net gains from foreign exchange and foreign exchange products.
Net gains on financial investments	134	264	-49.24%	Due to changes in presentation of gains on financial assets after initial adoption of the new financial instrument standards.
Impairment losses on assets	(15,495)	(22,243)	-30.34%	Due to decrease in impairment losses on domestic loans.
Share of results of associates and joint ventures	489	339	44.25%	Due to increase in share of results of associates.

### Legal and Arbitration Proceedings

The Issuer is not or has not been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had, during the 12 months prior to the date of this Listing Base Prospectus, a significant effect on the financial position or profitability of the Issuer.

As at 31 December 2017, the Group was involved in certain litigation and arbitration cases in the regular course of its business. In addition, in terms of the range and scale of its international operations, the Group may face a variety of legal proceedings within different jurisdictions, including issues related to anti-money laundering. As at 31 December 2017, provisions of RMB995 million (31 December 2016: RMB727 million) were made based on court judgements or the advice of counsel. After consulting legal professionals, senior management of the Group believes that at the current stage these legal proceedings and arbitrations will not have a significant effect on the financial position or profitability of the Group.

### Third Party Information

Information contained in this Listing Base Prospectus which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

### Conflicts of Interests

To the knowledge of the Issuer, the duties owed by the members of the Board of Directors of the Issuer do not give rise to any potential conflicts of interest with such members' private interests or other duties.

Material Contracts



The Issuer has not entered into contracts outside the ordinary course of its business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.

### **Auditors**

The Bank's audited consolidated financial statements as at and for the years ended 31 December 2015, 2016 and 2017, which are incorporated by reference in this Listing Base Prospectus, have been audited or reviewed by Ernst & Young, Certified Public Accountants (22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong). The Reports for the First Quarter ended 31 March 2017 and 31 March 2018 are un-audited.

### **Post-Issuance Information**

Other than as required as a result of the listing of the Notes, the Issuer does not intend to provide any post-issuance information in relation to the Notes.

### **Documents on Display**

Copies of the following documents are available to the public during normal business hours on any business day (except Saturdays, Sundays and public holidays in Hong Kong or Hungary, as applicable) at the specified offices of (1) the Trustee at The Hongkong and Shanghai Banking Corporation Limited, 1 Queen's Road Central, Central, Hong Kong SAR; and (2) Bank of China Limited Hungarian Branch (H-1051 Budapest, 7th József nádor tér) for so long as notes are capable of being issued under the Programme:

- (i) the Final Terms;
- (ii) a copy of this Listing Base Prospectus;
- (iii) a copy of the Offering Circular of the Programme
- (iv) the Trust Deed (which contains the forms of the Notes in global and definitive form); and
- (v) the Agency Agreement;
- (vi) the Articles of Association of the Issuer dated 22 May 2017.

**ISSUER**

**Bank of China Limited**  
**acting through its Hong Kong Branch**

Bank of China Tower,  
1 Garden Road, Central,  
Hong Kong

**ARRANGERS**

**Bank of China Limited**

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**Bank of China (Hong Kong) Limited**

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