

## Term Sheet

### HKD2,000,000,000 Tier 2 Loan for Bank of Communications (Hong Kong) Limited

Please note that the terms set out in this Term Sheet are indicative only and not legally binding and do not constitute an offer to arrange or finance the Loan. The provision of the Loan is subject to, amongst other things, all internal approvals and satisfactory documentation. This Term Sheet does not purport to contain all of the terms of any proposed financing.

Terms defined in the loan agreement entered into between Bank of Communications (Hong Kong) Limited and Bank of Communications Co., Ltd. on 18 January 2018 have the same meaning in this Term Sheet unless given a different meaning in this Term Sheet

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| <b>Borrower</b>              | Bank of Communications (Hong Kong) Limited   |
| <b>Lender</b>                | Bank of Communications Co., Ltd.   |
| <b>Currency</b>              | “Hong Kong Dollar” or “HKD”  |
| <b>Loan Amount</b>           | HKD2,000,000,000 (Hong Kong Dollars Two Billion).  |
| <b>Drawdown Date</b>         | The Loan shall be drawn down by the Borrower in one lump sum on 19 January 2018.   |
| <b>Maturity Date</b>         | 19 January 2028.   |
| <b>Purpose</b>               | The purpose of the Loan is to qualify as Tier 2 capital of the Borrower.   |
| <b>Interest Period</b>       | The period beginning on (and including) the Drawdown Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.  |
| <b>Interest Payment Date</b> | 19 January, 19 April, 19 July and 19 October in each year, commencing on 19 April 2018.  |
| <b>Interest Rate</b>         | Floating Rate.<br>The rate of interest on the Loan for each Interest Period shall be the percentage rate per annum which is the aggregate of 1.50 per cent. per annum and three-month HIBOR.   |
| <b>Status</b>                | In the event of a Winding-Up of the Borrower, the right of the Lender to payment of principal and interest on the Loan, and any other obligations in respect of the Loan, shall rank (i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Borrower (including its depositors), and (b) all other subordinated creditors of the Borrower whose claims are stated to rank senior to the Loan or rank senior to the Loan by operation of law or contract; (ii) <i>pari passu</i> in right of payment to, and all claims of, holders of any instrument or other obligation issued or entered into by the Borrower that constitutes or qualifies as a Tier 2 Capital Instruments or any instrument or other obligation issued, entered into, or guaranteed by the Borrower that ranks or is expressed to rank <i>pari passu</i> with the Loan by operation of law or contract; (iii) senior in right of payment to, and all claims of, (a) shareholders, and holders of any other class of the Borrower’s share capital, and any instrument or other obligation issued or guaranteed by |

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|                             | <p>the Borrower that ranks or is expressed to rank junior to the Loan by operation of law or contract; and (b) holders of Tier 1 Capital Instruments of the Borrower.</p> <p>The Loan constitutes unsecured obligations of the Borrower.</p>   |
| <b>Set-off</b>              | <p>Subject to applicable law, the Lender may not exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owned to it by the Borrower arising under or in connection with the Loan and the Lender shall, by virtue of being the lender under the Loan, be deemed to have waived all such rights of such set-off, counter-claim or retention.</p> <p>In the event that the Lender nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up in respect of the Borrower any payment by, or distribution of assets of, the Borrower of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Borrower arising under or in connection with the Loan, such Lender shall, subject to applicable law, immediately pay an amount equal to the amount of such payment, and the Lender by virtue of being the lender under the Loan, shall be deemed to have so agreed and undertaken with and to the Borrower and all depositors and other unsecured creditors of the Borrower for good consideration.</p>   |
| <b>Final Repayment Date</b> | <p>Subject to the provisions of the prepayment, the Borrower shall make a one-off repayment of the Loan on 19 January 2028.</p>  |
| <b>Prepayment</b>           | <p>Subject to the Prepayment Condition (as defined below), the Borrower may repay the Loan in whole, but not in part, at any time on or after 19 January 2023, together with interest accrued to (but excluding) the date of repayment, subject to adjustments following the occurrence of a Non-Viability Event in accordance with Clause 8 of the Loan Agreement.</p> <p>Subject to the Prepayment Condition, the Borrower may repay the Loan in whole, but not in part, at any time on giving prior written notice to the Lender following the occurrence of a Capital Event.</p> <p>a “<b>Capital Event</b>” occurs if, immediately before the Borrower gives the notice of repayment, the Loan, after having qualified as such, will no longer qualify (in whole but not in part) as Tier 2 capital (or equivalent) of the Borrower (other than non-qualification solely as a result of any discounting or amortisation requirements as to the eligibility of the Loan for such inclusion pursuant to the relevant legislation and supervisory guidance in force from time to time), as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Ordinance (Cap. 155) of Hong Kong, the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto.</p> <p>Subject to the Prepayment Condition, the Borrower may repay the Loan in whole, but not in part, at any time, on giving notice prior written notice to the Lender, if the Borrower has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or</p> |

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|   | <p>regulations of Hong Kong or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amend becomes effect on 18 January 2018 and such obligation will apply on the occasion of the next payment due in respect of the Loan and cannot be avoided by the Borrower taking reasonable measures available to it.</p> <p>Subject to the Prepayment Condition, the Borrower may repay the Loan in whole, but not in part, at any time, on giving prior written notice to the Lender, if the Borrower is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations and such non tax deductibility cannot be avoided by the Borrower taking reasonable measures available to it.</p> <p><b>“Prepayment Condition”</b> means the Borrower may not prepay the Loan without the prior written approval of the Monetary Authority as required pursuant to the Banking Ordinance (Cap. 155) or the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto.</p>                         |
| <p><b>Non-Viability Loss Absorption</b></p> | <p>If a Non-Viability Event (as defined below) occurs and is continuing, the Borrower shall, upon the provision of a Non-Viability Event Notice (as defined below), irrevocably (without the need for the consent of the Lender) reduce the then principal amount of, and cancel any accrued but unpaid interest in respect of an amount as directed by the Monetary Authority (such reduction and cancellation (where applicable) being referred to herein as the <b>“Write-off”</b>, and <b>“Written-off”</b> shall be construed accordingly).</p> <p>Concurrently with the giving of any Non-Viability Event Notice, the Borrower shall procure unless otherwise directed by the Monetary Authority that (i) a similar notice be given in respect of other subordinated capital instruments in accordance with their terms and (ii) concurrently and rateably with the Write-off of the Loan, the aggregate principal amount of such other capital Instruments is subject to a Write-off on a <i>pro rata</i> basis with the Loan.</p> <p>Once the Loan has been Written-off, the relevant amount(s) Written-off will not be restored or become payable in any circumstances including where the relevant Non-Viability Event ceases to continue.</p> <p><b>“Non-Viability Event”</b> means the earlier of:</p> <ul style="list-style-type: none"> <li>(a) the Monetary Authority notifying the Borrower in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Borrower would become non-viable; and</li> <li>(b) the Monetary Authority notifying the Borrower in writing that a</li> </ul> |

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|  | <p>decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Borrower would become non-viable.</p> <p><b>“Non-Viability Event Notice”</b> means the notice, which shall be given by the Borrower not more than two Business Days after the occurrence of a Non-Viability Event, to the Lender, and which shall state in reasonable detail the nature of the relevant Non-Viability Event and the Written-off amount for the Loan and each other subordinated capital instrument.</p> <p>Any Write-off pursuant to the Loan Agreement will not constitute an Event of Default under the Loan.</p>   |
| <p><b>Hong Kong Resolution Authority Power</b></p> | <p>Notwithstanding any other term of the Loan Agreement, the Lender shall be subject, and shall be deemed to agree, to be bound by and acknowledge that it is subject, to having the Loan being written-off, cancelled, converted or modified, or to having the form of the Loan changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority under Financial Institutions (Resolution) Ordinance (“<b>Ordinance</b>”) (Cap. 628) without prior notice, which may include (without limitation) and result in any of the following or some combination thereof:</p> <ul style="list-style-type: none"> <li>(a) the reduction or cancellation of all or part of the principal amount of, or interest on, the Loan;</li> <li>(b) the conversion of all or a part of the principal amount of, or interest on, the Loan into shares or other securities or other obligations of the Borrower or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Loan; and</li> <li>(c) the amendment or alteration of the maturity of the Loan or the date on which the interest becomes payable, including by suspending payment for a temporary period, or any other amendment or alteration of the Agreement.</li> </ul> <p>With respect to (a), (b) and (c), references to principal and interest shall include payments of principal and interest that have become due and payable, but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power.</p> <p>No repayment of the principal amount of the Loan or payment of interest on the Loan shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Borrower under the laws and regulations applicable to the Borrower.</p> <p>Upon exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Loan, the Lender shall provide a written notice as soon as practicable regarding</p> |

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|                          | <p>such exercise of the Hong Kong Resolution Authority Power to the Borrower.</p> <p>Neither the reduction or cancellation, in part or in full, of the principal amount of, or interest on the Loan, the conversion thereof into another security or obligation of the Borrower or another person, or any other amendment or alteration of this Agreement as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Borrower nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Loan shall constitute an Event of Default.</p> <p><b>“Hong Kong Resolution Authority Power”</b> means any power which may exist from time to time under the Ordinance relating to financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised, designated, recognised or licensed to conduct regulated financial activities in Hong Kong in effect and applicable in Hong Kong to the Borrower or other members of the group of the Borrower (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the Ordinance) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to the Ordinance or otherwise), and pursuant to which obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person.</p> <p><b>“relevant Hong Kong Resolution Authority”</b> means any authority with the ability to exercise a Hong Kong Resolution Authority Power in relation to the Borrower from time to time.</p> |
| <b>Events of Default</b> | <p>If (i) default is made in the payment of any amount of principal or interest in respect of the Loan on the due date for payment thereof (unless payment has been made within 7 days of the due date), or (ii) an order is made or an effective resolution is passed for the Winding-up of the Borrower, the Lender may declare the Loan to be immediately due and payable at the outstanding principal amount together with the interest accrued. The Lender may submit a claim in the Winding-up of the Borrower.</p>   |
| <b>Tax</b>               | <p>All payments by or on behalf of the Borrower under the Agreement shall be made free and clear of, and without withholding or deduction for, any tax, setoff and claim, unless such withholding or deduction is required by law. If the Borrower is required to make a deduction or withholding by or within Hong Kong, the Borrower shall pay such additional amounts as shall result receipt by the Lender of such amounts as would have been received by it had no such withholding or deduction been required.</p> <p>If the Borrower is required to make such deduction or withholding, the Borrower shall make such deductions or withholdings or make payment</p>  |

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|                               | related thereto within the time and to the extent permitted by the applicable law. The Borrower shall promptly upon becoming aware that such deduction or withholding is required notify the Lender accordingly. |
| <b>Governing Law</b>          | Hong Kong Law  |
| <b>Governing Jurisdiction</b> | The courts of Hong Kong  |