IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES AND TO NON-U.S. PERSONS.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached document. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAW.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities (as defined herein) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Confirmation of Your Representation: In order to be eligible to view the attached document or make an investment decision with respect to the securities, investors must not be located in the United States or U.S. persons. This document is being sent to you at your request and by accepting the e-mail and accessing the attached document, you shall be deemed to represent to each of the Issuer and the Joint Lead Managers (each as defined herein) that (1) you are not (a) a U.S. person or (b) in the United States, and the electronic mail address that you provided and to which this electronic mail has been delivered is not located in the United States and (2) that you consent to delivery of the attached and any amendments or supplements thereto by electronic transmission. To the extent you purchase the securities described in the attached document, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S under the Securities Act. You are reminded that the information in the attached document is not complete and may be changed.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Joint Lead Managers or any of their respective affiliates and their respective directors, officers, employees, representatives, agents and each person who controls the Issuer, any Joint Lead Manager or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). The materials relating to the offering of securities to which this document relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and any Joint Lead Manager or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or provide access to this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CHINA CITIC BANK INTERNATIONAL LIMITED 中信銀行（國際）有限公司

(*Incorporated with limited liability in Hong Kong*)

U.S.$600,000,000

4.80 per cent. Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities

issued under the

U.S.$3,000,000,000 Medium Term Note Programme

This Supplement (this "**Supplement**") to the Offering Circular dated 10 June 2021 (the "**Offering Circular**") is prepared in connection with the U.S.$3,000,000,000 Medium Term Note Programme (the "**Programme**") established by China CITIC Bank International Limited 中信銀行（國際）有限公司 (the "**Issuer**" or the "**Bank**"). The U.S.$600,000,000 4.80 per cent. Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the "**Capital Securities**") will be issued by the Issuer under the Programme. Terms defined in the Offering Circular have the same meaning when used in this Supplement. This Supplement is supplemental to, forms part of and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of the Capital Securities by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Professional Investors**") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Capital Securities are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Capital Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Supplement to Professional Investors only have been reproduced in this Supplement. Listing of the Capital Securities on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Capital Securities or the Issuer or the Group or quality of disclosure in this Supplement. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Supplement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Supplement.

It is expected that dealing in, and listing of, the Capital Securities on the SEHK will commence on or about 25 April 2022.

The Offering Circular and this Supplement include particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in the Offering Circular and this Supplement and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Capital Securities will be issued in registered form and will be represented by a global note in registered form without interest coupons registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV and Clearstream Banking S.A.

The Capital Securities are expected to be assigned a rating of "Ba2" by Moody's Investors Service Hong Kong Limited ("**Moody's**"). The rating does not constitute a recommendation to buy, sell or hold the Capital Securities and may be subject to suspension, reduction or withdrawal at any time by Moody's.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person. The Capital Securities are being offered only outside the United States in reliance on Regulation S under the Securities Act.

Singapore SFA Product Classification - In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Capital Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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As described in this Supplement, the terms of the Capital Securities provide that subject to the Conditions, the Capital Securities confer a right to receive Distributions on the principal amount (subject to adjustments following the occurrence of a Non-Viability Event (as defined herein) in accordance with the Conditions) from, and including, the Issue Date at the applicable Distribution Rate (as defined herein), payable semi-annually in arrear on 22 April and 22 October in each year. Distributions (as defined herein) will not be cumulative and Distributions which are not paid in accordance with the Conditions will not accumulate or compound and Securityholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer.

The terms of the Capital Securities also provide for circumstances under which the Issuer will not be obliged to pay, and will not pay, any Distribution on the applicable Distribution Payment Date (as defined herein), in whole or in part, as applicable. The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with the Conditions and any failure to pay such Distribution shall not constitute an Event of Default (as defined herein). Distributions are non-cumulative and any Distribution which is cancelled shall therefore not be payable at any time thereafter whether in a Winding-Up (as defined herein) or otherwise.

The Capital Securities are perpetual and have no maturity date. Securityholders have no ability to require the Issuer to redeem their Capital Securities whereas the Issuer can redeem the Capital Securities in certain circumstances as described in the Conditions. However, the Issuer is under no obligation to redeem the Capital Securities at any time. The ability of the Issuer to redeem Capital Securities is subject to the Issuer (a) obtaining the prior written consent of the Monetary Authority (as defined herein) (if then required) to the redemption, and (b) satisfying any conditions that the Monetary Authority may impose at that time.

If a Non-Viability Event occurs and is continuing, the Issuer shall, upon the provision of a Non-Viability Event Notice (as defined herein), irrevocably (without the need for the consent of the Securityholders of the Capital Securities) reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount (as defined herein) per Capital Security. Once the principal amount of, and any accrued but unpaid distribution under, the Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Securityholder may exercise, claim or plead any right to any amount that has been Written-off, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off. Securityholders could risk losing up to the full principal amount of the Capital Securities, as well as the cancellation of any accrued (and unpaid) Distributions, without receiving any compensation for such loss or cancellation.

In accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (关于推进企业发行外债备案登记制管理改革的通知 (发改外资[2015] 2044 号)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the People's Republic of China (the "**NDRC**"), and also 中华人民共和国国家发展和改革委员会企业借用外债备案登记证明(发改办外资备 [2022] [33] 号) (Certificate of Registration of Foreign Debt by Enterprise issued by the National Development and Reform Commission of the People's Republic of China) granted by the NDRC on 14 January 2022, the NDRC has granted an annual foreign debt quota to CITIC Group Corporation (中國中信集團有限公司) ("**CGC**") and its subsidiaries (the "**Quota Enterprises**") in 2022 (the "**NDRC Approval**"). Each of the Quota Enterprises may at its own discretion issue notes of any amount up to the available amount under such annual foreign debt quota without carrying out any other pre-issuance registration with the NDRC pursuant to the NDRC Circular. The Capital Securities will be issued pursuant to the NDRC Approval. Such Quota Enterprise will still have to make post-issuance filing (the "**NDRC Post-issue Filing**") after the completion of the relevant note issuance. The Issuer will undertake to complete or procure to be completed the NDRC Post-issue Filing within the prescribed timeframe and to comply with all applicable PRC laws and regulations in connection with the Capital Securities.

THE CAPITAL SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND OF HIGH RISK. INVESTORS SHOULD BE AWARE THAT THERE ARE RISKS INHERENT IN THE HOLDING OF THE CAPITAL SECURITIES, INCLUDING THE RISKS IN RELATION TO THEIR SUBORDINATION AND THE CIRCUMSTANCES IN WHICH SECURITYHOLDERS MAY SUFFER LOSS AS A RESULT OF HOLDING THE CAPITAL SECURITIES. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTIONS HEADED "INVESTMENT CONSIDERATIONS" BEGINNING ON PAGE 15 OF THIS SUPPLEMENT AND "INVESTMENT CONSIDERATION" BEGINNING ON PAGE 79 OF THE OFFERING CIRCULAR FOR A DISCUSSION OF CERTAIN CONSIDERATIONS TO BE TAKEN INTO ACCOUNT IN CONNECTION WITH AN INVESTMENT IN THE CAPITAL SECURITIES. INVESTORS SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO EVALUATE THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR, THIS SUPPLEMENT AND THE PRICING SUPPLEMENT (AS DEFINED BELOW) AND THE MERITS AND RISKS OF INVESTING IN THE CAPITAL SECURITIES 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 CAPITAL SECURITIES. INVESTORS SHOULD NOT PURCHASE THE CAPITAL SECURITIES UNLESS THEY UNDERSTAND AND ARE ABLE TO BEAR RISKS ASSOCIATED WITH THE CAPITAL SECURITIES.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China CITIC Bank International	**Citigroup**	**CNCB Capital**	**CLSA**

Joint Bookrunners and Joint Lead Managers

ABC International	**Bank of Communications**	**The Bank of East Asia, Limited**	**BNP PARIBAS**	**BOCOM International**	**CCB International**
China Construction Bank (Asia)	**China Everbright Bank Hong Kong Branch**	**China Galaxy International**	**China International Capital Corporation**	**China Minsheng Banking Corp., Ltd., Hong Kong Branch**	**China Securities International**
Chiyu Banking Corporation Limited	**Chong Hing Bank**	**CMB International**	**CMB Wing Lung Bank Limited**	**CMBC Capital**	**CSFG**
GF Securities	**Haitong International**	**Huatai International**	**ICBC International**	**Industrial Bank Co., Ltd. Hong Kong Branch**	**Mizuho Securities**

Nanyang Commercial Bank	**Shanghai Pudong Development Bank Hong Kong Branch**	**SMBC Nikko**	**SPDB International**	**UBS**

The date of this Supplement is 13 April 2022.

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IMPORTANT NOTICE

To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement and the Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances which they were made misleading. The Issuer, having made all reasonable enquiries, confirms that this Supplement and the Offering Circular contain or incorporates all information which is material in the context of the issue and offering of the Capital Securities, that the information contained or incorporated in this Supplement and the Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Supplement or the Offering Circular are honestly held and that there are no other facts the omission of which would make this Supplement or the Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representations other than those contained in this Supplement and the Offering Circular in connection with the Programme or the Capital Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, China CITIC Bank International Limited 中信銀行（國際）有限公司, Citigroup Global Markets Limited, CNCB (Hong Kong) Capital Limited, CLSA Limited, ABCI Capital Limited, Bank of Communications Co., Ltd. Hong Kong Branch, The Bank of East Asia, Limited, BNP Paribas, BOCOM International Securities Limited, CCB International Capital Limited, China Construction Bank (Asia) Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China Securities (International) Corporate Finance Company Limited, Chiyu Banking Corporation Limited, Chong Hing Bank Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, CMBC Securities Company Limited, CSFG International Securities Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited, ICBC International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Mizuho Securities Asia Limited, Nanyang Commercial Bank, Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SMBC Nikko Securities (Hong Kong) Limited, SPDB International Capital Limited and UBS AG Hong Kong Branch (together, the "**Joint Lead Managers**") or the Trustee.

Neither the Joint Lead Managers nor the Trustee has separately 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 Joint Lead Managers, the Trustee or any of them as to the accuracy or completeness of the information contained or incorporated in this Supplement or the Offering Circular or any other information provided by the Issuer in connection with the Programme or the Capital Securities.

Neither this Supplement nor the Offering Circular is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Joint Lead Managers or the Trustee that any recipient of this Supplement or the Offering Circular should purchase any of the Capital Securities. Each investor contemplating purchasing the Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of this Supplement, the Offering Circular nor any other information supplied in connection with the Programme or the issue of the Capital Securities constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Capital Securities.

Neither the delivery of this Supplement or the Offering Circular nor the offering, sale or delivery of any Capital Securities 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 or the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or the Capital Securities or to advise any investor in the Capital Securities of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Supplement and the Offering Circular when deciding whether or not to purchase any Capital Securities.

The Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Capital Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Capital Securities and on distribution of this Supplement and the Offering Circular, see "*Subscription and Sale*" of the Offering Circular.

Neither this Supplement nor the Offering Circular constitutes an offer to sell or the solicitation of an offer to buy any Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Supplement and the Offering Circular and the offer or sale of Capital Securities may be restricted by law in certain jurisdictions. None of the Issuer, the Joint Lead Managers and the Trustee represents that this Supplement or the Offering Circular may be lawfully distributed, or that any Capital Securities 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, the Joint Lead Managers or the Trustee which would permit a public offering of any Capital Securities or distribution of this Supplement or the Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and none of this Supplement, the Offering Circular 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 Supplement and the Offering Circular or any Capital Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Supplement and the Offering Circular and the offering and sale of Capital Securities. In particular, there are restrictions on the distribution of this Supplement and the Offering Circular and the offer or sale of the Capital Securities in the United States, the European Economic Area (including The Netherlands), the United Kingdom, Singapore, Japan, Hong Kong, the People's Republic of China and Taiwan. See "*Subscription and Sale*" of the Offering Circular.

CERTAIN DEFINITIONS

Unless otherwise specified or the context requires, references herein to "**US dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America (the "**USA**" or the "**US**"), references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" and "**HKD**" are to the lawful currency of the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**"), references to "**Sterling"** and "**£**" are to the lawful currency of the United Kingdom and references to "**EUR**", "**euro**" and "**€**" are 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.

In addition, references to "**Macau**" are to the Macau Special Administrative Region of the PRC, references to "**Mainland China**" are to the PRC excluding Hong Kong and Macau and references to "Greater China" are to the PRC including Hong Kong and Macau.

For convenience only and unless otherwise noted, all translations from HK$ into U.S.$ in this Supplement were made at the rate of HK$7.7996 to U.S.$1. No representation is made that the HK dollar amounts referred to in this Supplement could have been or could be converted into US dollars at any particular rate or at all.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

FORWARD-LOOKING STATEMENTS

The Bank has included statements in this Supplement and the Offering Circular which contain words or phrases such as **will, would, aim, aimed, will likely result, is likely, are likely, believe, expect, expected to, will continue, will achieve, anticipate, estimate, estimating, intend, plan, contemplate, seek to, seeking to, trying to, target, propose to, future, objective, goal, project, should, can, could, may, will pursue** and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Bank's expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to operational, market, credit, interest rate and currency risks and the market acceptance of and demand for Internet banking services.

PRESENTATION OF FINANCIAL INFORMATION

This Supplement contains selected financial information as at and for the year ended 31 December 2020 and 2021 which was extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2021 (the "**2021 Audited Financial Statements**"). These consolidated financial statements were prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**")**.**

Save for the 2021 Audited Financial Statements, which shall be deemed to be incorporated in, and to form part of, this Supplement, the selected financial information contained in this Supplement does not constitute the Issuer's audited consolidated financial statements (as defined in the Companies Ordinance (Cap. 622) of Hong Kong) for the year ended 31 December 2021 but, in respect of the selected financial information, is derived from those audited consolidated financial statements.

PricewaterhouseCoopers (Certified Public Accountants), the auditors of the Issuer, has issued auditor's report on the audited consolidated financial statements of the Issuer for the year ended 31 December 2021. Such report was not qualified or otherwise modified, did not refer to any matters to which the auditors drew attention by way of emphasis without qualifying the reports and did not contain any statement under Sections 406(2) or 407(2) or (3) of the Companies Ordinance (Cap. 622) of Hong Kong.

DOCUMENTS INCORPORATED BY REFERENCE

This Supplement is supplemental to, forms part of and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer.

On 10 April 2022, the Issuer published the 2021 Audited Financial Statements. The 2021 Audited Financial Statements shall be deemed to be incorporated in, and to form part of, this Supplement.

The published audited financial statements for the years ended 31 December 2020 and 31 December 2021 can be accessed here: https://www.cncbinternational.com/about-us/investor-relations/interim-and-annual-reports/en/index.jsp.

SUMMARY OF THE OFFERING

The following summary does not purport to be complete and should be read in conjunction with the Conditions. Words and expressions defined in the Conditions shall have the same meanings in this summary.

Issuer	China CITIC Bank International Limited 中信銀行（國際）有限公司
Description	U.S.$600,000,000 4.80 per cent. Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers[1]	China CITIC Bank International Limited 中信銀行（國際）有限公司
	Citigroup Global Markets Limited
	CNCB (Hong Kong) Capital Limited
	CLSA Limited
Joint Bookrunners and Joint Lead Managers[1]	ABCI Capital Limited
	Bank of Communications Co., Ltd. Hong Kong Branch
	The Bank of East Asia, Limited
	BNP Paribas
	BOCOM International Securities Limited
	CCB International Capital Limited
	China Construction Bank (Asia) Corporation Limited
	China Everbright Bank Co., Ltd., Hong Kong Branch
	China Galaxy International Securities (Hong Kong) Co., Limited
	China International Capital Corporation Hong Kong Securities Limited
	China Minsheng Banking Corp., Ltd., Hong Kong Branch
	China Securities (International) Corporate Finance Company Limited
	Chiyu Banking Corporation Limited
	Chong Hing Bank Limited
	CMB International Capital Limited

1 The Issuer has entered into a subscription agreement with the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers dated 13 April 2022 (the "**Subscription Agreement**") pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer agreed to sell to the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, and the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers severally and not jointly agreed to subscribe (other than China CITIC Bank International Limited) or procure subscribers for, the aggregate principal amount of the Capital Securities.

	CMB Wing Lung Bank Limited
	CMBC Securities Company Limited
	CSFG International Securities Limited
	GF Securities (Hong Kong) Brokerage Limited
	Haitong International Securities Company Limited
	Huatai Financial Holdings (Hong Kong) Limited
	ICBC International Securities Limited
	Industrial Bank Co., Ltd. Hong Kong Branch
	Mizuho Securities Asia Limited
	Nanyang Commercial Bank, Limited
	Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
	SMBC Nikko Securities (Hong Kong) Limited
	SPDB International Capital Limited
	UBS AG Hong Kong Branch
Issue Date..	22 April 2022
Status of the Capital Securities...........	The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated in the manner described below. Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities will rank (x) subordinate and junior in right of payment to, and of all claims of, (i) all unsubordinated creditors of the Issuer (including its depositors), (ii) creditors in respect of Tier 2 Capital Securities of the Issuer, and (iii) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (y) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations; and (z) senior in right of payment to and of all claims of the holders of Junior Obligations in the manner provided in the Trust Deed. "**Authorized Institution**" has the meaning given to that term in the Banking Ordinance (Cap. 155) of Hong Kong, as amended or superseded from time to time.

"**Capital Regulations**" means capital regulations applicable to the regulatory capital of Authorized Institutions in Hong Kong as published by the Monetary Authority.

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

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

"**Parity Obligation**" means any instrument or other obligation issued or entered into by the Issuer that constitutes or qualifies as Additional Tier 1 capital (or its equivalent) under applicable Capital Regulations or any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Capital Securities by operation of law or contract.

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

"**Shares**" means the ordinary share capital of the Issuer.

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

"**Tier 2 Capital Securities**" means instruments categorised as Tier 2 capital pursuant to the Capital Regulations that rank or are expressed to rank senior to the Capital Securities by operation of law or contract.

"**Winding-Up**" means a final and effective order or resolution for the winding up, liquidation, or similar proceedings in respect of the Issuer.

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

Form and Denomination .... The Capital Securities will be issued in registered form in the denomination of U.S.$250,000 each and integral multiples of U.S.$1,000 in excess thereof.

Distributions	Subject to Condition 6B, the Capital Securities confer a right to receive Distributions on the principal amount (subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C) from, and including, the Issue Date at the applicable Distribution Rate, payable semi-annually in arrear on 22 April and 22 October in each year.
Non-cumulative Distributions	Distributions will not be cumulative and Distributions which are not paid in accordance with the Conditions will not accumulate or compound and Securityholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer.
Distribution Rate	The Distribution Rate applicable to the Capital Securities shall be: (i) in respect of the period from, and including, the Issue Date to, but excluding, 22 April 2027 (the "**First Call Date**"), 4.80 per cent. per annum; and (ii) in respect of the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date, the Reset Distribution Rate. "**Distribution Reset Date**" means the First Call Date and each anniversary falling five years thereafter. "**Reset Distribution Rate**" means, in relation to a Reset Distribution Period, a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate (as defined in the Conditions) and (b) the Spread. "**Spread**" means 2.104 per cent. per annum.
Optional Distribution Cancellation Event	Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of Distribution, in whole or in part, by giving a notice signed by two Directors of the Issuer to the Securityholders, the Trustee and the Agents, as further described in "*Terms and Conditions of the Capital Securities – Distribution Restrictions – Optional Distribution Cancellation Event*".
Mandatory Distribution Cancellation Event	Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, upon a Mandatory Distribution Cancellation Event, as further described in "*Terms and Conditions of Capital Securities – Distribution Restrictions – Mandatory Distribution Cancellation Event*".
No Obligation to Pay	The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with Condition 6B(b) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non- cumulative and any

Distribution which is cancelled shall therefore not be payable at any time thereafter whether in a Winding-Up or otherwise.

No Claim by Securityholders for Distributions:.. No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable as described under "*Terms and Conditions of the Capital Securities – Distribution Restrictions – Optional Distribution Cancellation Event*", "*Terms and Conditions of the Capital Securities – Distribution Restrictions – Mandatory Distribution Cancellation Event*" and "*Terms and Conditions of the Capital Securities – Distribution – Non-Cumulative Distribution*". Accordingly, such Distribution shall not accumulate for the benefit of the Securityholders or entitle the Securityholders to any claim in respect thereof against the Issuer.

Distributable Reserves......................... Any Distribution may only be paid out of Distributable Reserves.

"**Distributable Reserves**" means the amounts for the time being available to the Issuer for distribution as a distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong ("**Companies Ordinance**"), as amended or modified from time to time, as at the Issuer's latest audited balance sheet, and subject to the Monetary Authority's then current Capital Regulations as applicable to the Issuer on the relevant Distribution Payment Date (the "**Available Amount**");

provided that if the Issuer reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Issuer's latest audited balance sheet and is insufficient to pay the Distributions and any payments on Parity Obligations on the relevant Distribution Payment Date, then on certification by two Directors and the Auditors of such revised amount, the Distributable Reserves shall for the purposes of Distribution mean the Available Amount as set forth in such certificate.

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

Dividend Stopper .... If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of Condition 6B, the Issuer shall not:

(i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or

(ii) purchase, cancel or otherwise acquire any Shares or permit any of its Subsidiaries to do so,

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

See "*Terms and Conditions of the Capital Securities – Distribution Restrictions – Dividend Stopper*" for further information.

Non-Viability Loss Absorption ....

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

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

"**Non-Viability Event**" means the earlier of:

(a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; or

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

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

(a) in reasonable detail the nature of the relevant Non-Viability Event; and

(b) the Non-Viability Event Write-off Amount for: (i) each Capital Security; and (ii) each other Subordinated Capital Security on the

Loss Absorption Effective Date in accordance with its terms; and (iii) specifying the Loss Absorption Effective Date.

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

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

Consequence of Non-Viability Loss Absorption ....

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

Hong Kong Resolution Authority Power...

Notwithstanding any other term of the Capital Securities, including without limitation Condition 6C, or any other agreement or arrangement, each Securityholder and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Capital Securities being written off, cancelled, converted or modified, or to having the form of the Capital Securities changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

(a) the reduction or cancellation of all or a part of the outstanding principal amount of, or Distributions on, the Capital Securities;

(b) the conversion of all or a part of the outstanding principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and

(c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of the Conditions.

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

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

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Capital Securities, the Issuer shall provide a written notice not more than two Hong Kong Business Days after the occurrence of such exercise regarding such exercise of the Hong Kong Resolution Authority Power to the Securityholders in accordance with Condition 15.

Neither the reduction or cancellation, in part or in full, of the outstanding principal amount of, or Distributions on the Capital Securities, the conversion thereof into another share, security or obligation of the Issuer or another person, or any other amendment or alteration of the Conditions as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Capital Securities shall constitute an Event of Default under Condition 11.2A.

Maturity Date .... The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Issuer other than in accordance with Condition 8.

Redemption at the Option of the Issuer .... Subject to Condition 8.12A, the Issuer may redeem all but not some only of the Capital Securities then outstanding on the First Call Date or any Distribution Payment Date thereafter, at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, as further described in "*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption at the Option of the Issuer (Issuer Call)*".

Redemption for Taxation Reasons	Subject to Condition 8.12A, the Capital Securities then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice if the Issuer satisfies the Trustee immediately before the giving of such notice that a Withholding Tax Event has occurred. Capital Securities so redeemed will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non- Viability Event in accordance with Condition 6C. See "*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption for Tax Reasons*" for further information.
Redemption for Tax Deduction...........	Subject to Condition 8.12A, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice if the Issuer satisfies the Trustee immediately before the giving of such notice that (a) in respect of the Distribution payable on the Capital Securities, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which an agreement is reached to issue the Capital Securities and such change or amendment was not foreseeable at the time of such agreement; and (b) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it. Capital Securities so redeemed will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non- Viability Event in accordance with Condition 6C. See "*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption for Tax Deduction Reasons*" for further information.
Redemption for Regulatory Reasons	Subject to Condition 8.12A, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice following the occurrence of a Capital Event. A "**Capital Event**" occurs if the Issuer satisfies the Trustee immediately before the giving of the notice of redemption referred in Condition 8.3A that (a) the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 capital (or equivalent) of the Issuer and/or (b) the Capital Securities cease to be included in the calculation of the Issuer's capital adequacy ratio, 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 any supervisory guidelines issued by the Monetary Authority and such change or amendment was not foreseeable at the time of the issuance of the Capital Securities.

Capital Securities so redeemed will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non- Viability Event in accordance with Condition 6C.

See "*Terms and Conditions of the Capital Securities – Redemption and Purchase – Redemption of the Capital Securities for Regulatory Reasons*" for further information.

Conditions for Redemption and Purchase in respect of the Capital Securities .... The Issuer shall not redeem any of the Capital Securities (other than pursuant to Condition 11.2A) and the Issuer or any of its Subsidiaries shall not purchase any of the Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, as further described in "*Terms and Conditions of the Capital Securities – Redemption and Purchase – Conditions for Redemption and Purchase in respect of the Capital Securities*".

Taxation .... All payments of principal and Distribution in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, subject as provided in Condition 9. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted.

Governing Law .... The Trust Deed, the Capital Securities, and any non-contractual obligations arising out of or in connection with the Trust Deed, the Capital Securities are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3.3(a) and Clause 7.2 of the Trust Deed shall be governed by, and construed in accordance with, the laws of Hong Kong.

Rating .... The Capital Securities are expected to be assigned a rating of "Ba2" by Moody's. The rating does not constitute a recommendation to buy, sell or hold the Capital Securities and may be subject to suspension, reduction or withdrawal at any time by Moody's.

Clearing Systems .... Euroclear Bank SA/NV and Clearstream Banking S.A.

Use of proceeds .... The net proceeds will be applied by the Issuer for its funding and general corporate purposes.

Listing .... Application will be made for the listing of the Capital Securities on the SEHK by way of debt issues to Professional Investors only.

Qualification and Capital Treatment of the Capital Securities...	It is intended that the Capital Securities will qualify in full as Additional Tier 1 capital of the Issuer.

SUMMARY FINANCIAL AND OTHER INFORMATION

The section headed "Summary Financial and Other Information" on pages 3 to 7 of the Offering Circular shall be deleted in its entirety and replaced with the following:

The following tables set forth the summary financial and other information of the Bank as at and for the periods indicated. The summary financial information as at and for the years ended 31 December 2020 and 2021 set forth below is derived from the Bank's audited consolidated financial statements for the year ended 31 December 2021, and should be read in conjunction with the audited consolidated financial statements of the Bank for the year ended 31 December 2021 and the notes thereto, which are incorporated by reference in this Supplement. Certain items in the consolidated financial statements of the Bank for the year ended 31 December 2021 have been aggregated for the purpose of presentation of the summary financial information in the tables below.

The Bank's audited consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). The accounting policies of the Bank have been summarised in note 2 to the Bank's audited consolidated financial statements for the year ended 31 December 2021.

SUMMARY INCOME STATEMENT DATA

	Years ended 31 December		
	2020	**2021**	**2021**
	HK$	*HK$*	*U.S.$*
	(audited)	*(audited)*	*(unaudited)*
		(in millions)	
Interest income	9,038.8	7,945.2	1,018.7
Interest expense	(3,852.6)	(2,139.9)	(274.4)
Net interest income	5,186.2	5,805.3	744.3
Non-interest income	2,169.5	2,390.0	306.4
Operating expenses	(3,661.8)	(3,929.6)	(503.8)
Operating profit before impairment	3,693.9	4,265.7	546.9
Impairment losses	(2,352.5)	(1,769.2)	(226.8)
	1,341.4	2,496.5	320.1
Non-operating income	(35.3)	3.9	0.5
Profit before taxation	1,306.1	2,500.4	320.6
Income tax	(150.3)	(372.0)	(47.7)
Profit for the year	HK$1,155.8	HK$2,128.4	U.S.$ 272.9
Earnings per share (HK$)	0.10	0.18	0.02

SUMMARY FINANCIAL AND OTHER INFORMATION

SUMMARY STATEMENT OF FINANCIAL POSITION DATA

	As at 31 December		
	2020	**2021**	**2021**
	HK$	*HK$*	*U.S.$*
	(audited)	*(audited)*	*(unaudited)*
		(in millions)	
Assets			
Cash and balances with banks and central banks	32,783.9	28,828.5	3,696.2
Placements with and advances to banks	28,969.8	21,058.6	2,700.0
Financial assets at fair value through profit or loss	2,649.1	3,106.3	398.3
Derivative financial instruments..	14,378.6	8,888.8	1,139.6
Loans and advances to customers and other accounts	226,790.0	249,416.4	31,978.1
Financial assets at fair value through other comprehensive income	84,950.9	103,926.4	13,324.6
Amortised cost investments..	48.5	53.4	6.8
Property and equipment..			
— Investment properties	254.8	446.6	57.3
— Other premises and equipment	511.8	479.2	61.4
Right-of-use assets	696.7	559.1	71.7
Intangible asset...	635.1	539.8	69.2
Tax recoverable.	55.4	-	-
Deferred tax assets..	174.1	168.9	21.7
Total Assets.	392,898.7	417,472.0	53,524.8
Equity and Liabilities			
Deposits and balances of banks and other financial institutions .	5,326.4	13,584.4	1,741.7
Deposits from customers	309,877.0	327,768.0	42,023.7
Financial liabilities at fair value through profit or loss	290.2	768.0	98.5
Derivative financial instruments..	15,160.3	8,766.4	1,124.0
Certificates of deposit issued..	-	1,481.4	189.9
Current tax liabilities	19.7	120.7	15.5
Deferred tax liabilities	0.9	1.6	0.2
Other liabilities...	10,078.2	10,718.5	1,374.2
Lease liabilities...	722.9	592.6	76.0
Loan capital	3,855.4	3,883.9	498.0
Total Liabilities...	345,331.0	367,685.5	47,141.6
Equity			
Share capital	18,404.0	18,404.0	2,359.6
Reserves	21,393.3	22,827.7	2,926.8
Total equity attributable to equity shareholders of the Bank	39,797.3	41,231.7	5,286.4

Other equity instruments.	7,770.4	8,554.8	1,096.8
Total Equity and Liabilities	392,898.7	417,472.0	53,524.8

	At 31 December 2020	**At 31 December 2021**
	(audited)	*(audited)*
	(per cent.)	
OTHER INFORMATION		
Common Equity Tier 1 (“**CET1**”) capital[(1)]	12.2	12.0
Tier 1 capital ratio[(1)]	14.8	14.7
Total capital ratio[(1)]	17.2	17.1
Average liquidity coverage ratio[(2)]	217	239
Loans to deposits	71.0	73.7
Loans to total assets.	56.0	58.1
Cost to income	49.8	47.9
Return on average assets	0.3	0.5
Return on average shareholders’ equity	2.91	5.21

Notes:

(1) As at 31 December 2021 and 31 December 2020, the capital adequacy ratio was computed on a consolidated basis covering the Bank and certain of its subsidiaries as required by the Hong Kong Monetary Authority (the “**HKMA”**) for its regulatory purposes and was in accordance with the Banking (Capital) Rules issued by the HKMA.

(2) Under the Banking (Liquidity) Rules, the Group being a Category 1 institution is required to maintain a Liquidity Coverage Ratio (“LCR”) above the statutory minimum requirement.

TIER I AND TIER II CAPITAL BASE — As at 31 December 2021

Capital adequacy ratios (“CARs”) are complied with in accordance with the Banking (Capital) Rules issued by the HKMA. The CARs are computed on a consolidated basis covering the Bank and some of its subsidiaries as required by the HKMA. The Bank has adopted the “standardised approach” for calculating the risk-weighted amount for credit risk and market risk and the “basic indicator approach” for calculating operational risk.

	Years ended 31 December		
	2020	**2021**	**2021**
	HK$	*HK$*	*U.S.$*
	(audited)	*(audited)*	*(unaudited)*
		(in millions)	
CET1 capital: instruments and reserves			
Directly issued qualifying CET1 capital instruments plus any related share premium.	18,404.0	18,052.2	2314.5
Retained earnings.	20,416.2	22,119.6	2,836.0
Disclosed reserves...	1,050.8	822.7	105.5

	Years ended 31 December		
	2020	**2021**	**2021**
	HK$	*HK$*	*U.S.$*
	(audited)	*(audited)*	*(unaudited)*
		(in millions)	
CET1 capital before regulatory deductions	39,871.0	40,994.5	5,256.0
CET1 capital: regulatory deductions..................................			
Deferred tax assets net of deferred tax liabilities.....................	174.1	168.9	21.7
Other intangible assets (net of related deferred tax liability)....	635.1	539.8	69.2
Cumulative fair value gains arising from the revaluation of land and buildings (own use and investment properties)	173.8	340.2	43.6
Regulatory reserve for general banking risks	1,926.8	2,061.3	264.3
Valuation adjustments	26.1	22.6	2.9
Debt valuation adjustments in respect of derivative contracts .	2.4	2.7	0.3
Total regulatory deductions to CET1 capital	2,938.3	3,135.5	402.0
CET1 capital	36,932.7	37,859.0	4,854.0
Additional Tier 1 (AT1) capital	7,772.1	8,556.0	1,097.0
Tier 1 capital	44,704.8	46,415.0	5,950.9
Tier 2 capital: instruments and provisions			
Qualifying Tier 2 capital instruments plus any related share premium	3,876.2	3,898.4	499.8
Reserve attributable to fair value gains on revaluation of holdings of land and buildings	78.2	153.1	19.6
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	3,234.5	3,471.3	445.1
Tier 2 capital base before deductions	7,188.9	7,522.8	964.5
Tier 2 capital: regulatory deductions..................................			
Regulatory deductions to Tier 2 capital..................................	—	—	—
Tier 2 capital	7,188.9	7,522.8	964.5
Total capital	51,893.7	53,937.8	6,915.5

INVESTMENT CONSIDERATIONS

Prospective investors should carefully take into account the following considerations, in addition to the other information contained in this Supplement and the Offering Circular, before investing in the Capital Securities. Attention is drawn particularly to the information under the section "Investment Considerations" in pages 79 to 101 (inclusive) of the Offering Circular, save as amended in this Supplement, which must be read in conjunction with the additional considerations set out below. The occurrence of one or more events described below and in the section "Investment Considerations" of the Offering Circular could have an adverse effect on the Group's business, financial condition or results of operations, and could affect the Bank's ability to make payments of principal, premium and/or Distribution (if any) under the Capital Securities. Additional considerations and uncertainties not presently known to the Bank, or which the Bank currently deems immaterial, may also have an adverse effect on an investment in the Capital Securities.

THE CAPITAL SECURITIES ARE OFFERED TO PROFESSIONAL INVESTORS ONLY. INVESTORS SHOULD NOT PURCHASE THE CAPITAL SECURITIES IN THE PRIMARY OR SECONDARY MARKETS UNLESS THEY ARE PROFESSIONAL INVESTORS. INVESTING IN THE CAPITAL SECURITIES INVOLVES RISKS. INVESTORS SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERTISE TO EVALUATE EFFECT OR THE LIKELIHOOD OF THE OCCURRENCE OF NON-VIABILITY EVENT FOR THE CAPITAL SECURITIES WHICH FEATURE LOSS ABSORPTION.

Considerations relating to the Group

The sub-section headed "Investment Considerations – Considerations *relating to the Group" on pages 79 to 87 of the Offering Circular shall be deleted in its entirety and replaced with the following investment considerations:*

The occurrence of a contagious disease in Hong Kong, Macau or the PRC could affect the Group's business, financial condition or results of operations

During the first half of 2003, the outbreak of SARS caused an adverse effect on the economies of the affected regions in Asia, including Hong Kong and the PRC, which impinged on the Group's operations in these affected regions. In the last few years, there have also been outbreaks of avian influenza in parts of Asia, including Hong Kong. In 2009, there were also outbreaks of the Human Swine Influenza A ("**H1N1**") virus globally. On 11 June 2009, the World Health Organization (the "**WHO**") raised its pandemic alert level to Phase 6, its highest level, after considering data confirming the H1N1 outbreak. As at the date of this Supplement, the COVID-19 pandemic continues to impact various parts of the world and, certain strains of COVID-19 that have since developed are considered highly contagious. The pandemic has resulted in a high number of fatalities and continues to be considered by public health authorities as a serious public health threat. Many governments across the world have imposed a number of measures in an effort to contain the spread of COVID-19, including mandatory business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. These containment measures have caused disruptions across Hong Kong, China and a majority of countries globally. It remains uncertain as to when the COVID-19 pandemic will be contained. The COVID-19 pandemic has caused substantial disruption in international economies and markets. It is uncertain as to if and when business activity and economies as a whole would return to pre-COVID-19 pandemic levels. The global economy fell into a recession in 2020 due to the COVID-19 pandemic, with global GDP decreased by 3.3 per cent.. In 2021, the global economy resumed growth with global GDP increased by 5.9 per cent., according to forecasts provided by the International Monetary Fund. The rebound was led by a 6.5 per cent. growth for emerging and developing economies as a whole and 5.0 per cent. for the advanced economies. Meanwhile, global trade posted a stronger rebound of 9.3 per cent. in 2021, following a decrease of 8.2 per cent. in 2020. The COVID-19 pandemic has had a material impact on the performance of the Group. The Group's net profit after tax for the year ended 31 December 2020 decreased 58.9 per cent. versus that of the year ended 31 December 2019. In 2021, the Group's financial performance improved with its net profit after tax for the year ended 31 December 2021 increased by 84.2 per cent. versus that of the year ended 31 December 2020. The Group has been implementing business continuity plans since early 2020 to ensure that normal business activities remain on track. Meanwhile, the Group also launched work-from-home arrangements and split office arrangements to ensure safety of its customers and staff. The Group has been encouraging its staff members to get vaccinated to better protect themselves and others. Other measures that the Group has launched to take care of its employees include providing pandemic prevention information and health talks on a regular basis and giving out pandemic prevention subsidies and supplies. In light of the challenging macro conditions, the Group also launched various relief measures for small and medium enterprises and individual customers since early 2020. The fifth wave of the COVID-19 pandemic emerged in Hong Kong in December 2021. Since then, the Hong Kong government has tightened up social distancing measures to fight against the pandemic and the Group has strengthened its work-from-home arrangements and split office arrangements in order to ensure safety of its customers and staff. The Group shall remain vigilant and will continue to monitor the COVID-19 situation in Hong Kong closely to mitigate against potential operational risks.

No assurance can be given that there will not be a recurrence of the outbreak of SARS or other epidemics, or that the incidence of avian influenza or H1N1 will not increase. Meanwhile, countries all over the world are still implementing various containment measures such as social distancing rules and pandemic control measures to fight against the COVID-19 pandemic. As such, there can be no assurance that the Group's business, financial condition or results of operations will not be adversely affected if another outbreak of SARS, H1N1 virus or other highly contagious disease such as COVID-19 occurs.

The Group is subject to significant competition

The Group is subject to significant competition from many other banks and financial institutions, including competitors which have significantly more financial and other capital resources, higher market share, and stronger brand recognition than the Group. In particular, the banking and financial services industry in Hong Kong is a mature market and, as at 28 February 2022, supported 31 Hong Kong incorporated licensed banks and 128 licensed banks incorporated outside Hong Kong competing for a customer population of over 7.4 million people. Therefore, many of the international and local banks and niche players operating in Hong Kong compete for substantially the same customers as the Group. There is a limited market, especially for retail banking products such as investment and insurance products, home mortgage loans, credit cards, personal loans and transport lending businesses. The strength of competition in the past few years has had an adverse impact on the pricing of certain products.

In recent years, competition among banks in Hong Kong for investment and insurance products, home mortgage loans, credit cards, personal loans and transport lending business has become very aggressive. There can be no assurance that increased competition will not have a material adverse effect on the Group's business, financial condition or results of operations.

As a result of the intensified competition among banks, the Bank has experienced downward pressure on its profit margins in recent years. To counter the effects of increased competition, the Bank has actively pursued a strategy of diversifying its income sources by focusing on increasing its fee-based income, introducing innovative products and, at the same time, improving the cost efficiency of its operations. However, there can be no assurance that the Bank will be able to compete successfully in the mature Hong Kong banking market and sustain its profitability in future.

Following the PRC's accession to the World Trade Organisation (the "**WTO**"), a number of foreign banks have received authorisation from the PRC government to provide RMB-denominated banking and financial services ("**RMB services**") to PRC domestic enterprises and to individuals from five years after its accession. The Closer Economic Partnership Agreement with the PRC (the "**CEPA**"), which allows Hong Kong banks to operate in the PRC, has also increased competition in the Mainland China market. Since April 2007, the PRC government has begun granting approvals for locally incorporated banking licences for a number of foreign banks which allow them to compete with PRC domestic banks on equal footing, thereby effectively removing regulatory restrictions on the geographical presence, customer base and operating licences of foreign banks. Accordingly, the Group is likely to face competition in the Mainland China market from both existing local Chinese banks and foreign banks entering the Mainland China market. There can be no assurance that the Group will maintain its current position or continue to develop its business successfully in Mainland China if, as expected, competition in the banking sector in Mainland China intensifies as a result of these latest changes in the regulatory environment in the PRC.

The introduction of CEPA has also enabled Mainland China banks to relocate certain operations, for example, the handling of international securities and bonds, as well as foreign exchange trading centres, to Hong Kong. Under CEPA, Mainland China banks are encouraged to expand their business through mergers and acquisitions ("M&A"). The entry of Mainland China banks into the Hong Kong market via M&A is likely to result in increased competition in the banking sector and there can be no assurance that the Group's business will not be affected by the increased competition.

The Group's business is vulnerable to volatility in interest rates

Changes in market interest rates affect the interest received on the Group's interest-earning assets and the interest paid on the Group's interest-bearing liabilities. The differences in timing and level of changes in interest rates can result in an increase in interest expense relative to its interest income, which may lead to a reduction in its net interest income. Interest rates in Hong Kong are sensitive to factors over which the Group has no control, including, among others:

- interest rates in the US;
- liquidity of the domestic inter-bank market and the international capital markets;
- domestic and international economic and political conditions; and
- competition for loan demand.

In the event that interest rates move against the Bank's position, it may adversely affect the Group's business, financial condition or results of operations. The interest rate environment has remained low in recent years and, as a result, the Bank's net interest margin also remained at a low level. For the years ended 31 December 2020 and 2021, the Bank's net interest margin was 1.47 per cent. and 1.44 per cent., respectively. There can be no assurance that interest rates will rise or not fall or become volatile or that changes in interest rates will not be frequent.

In addition, the Group is subject to interest rate risk as a result of mismatches in the pricing and duration of its assets and liabilities. A significant part of the Group's funding requirements is met through short-term or floating rate funding sources, primarily in the form of deposits, including customer deposits, inter-bank deposits and certificates of deposit, which tend to be at floating rates and are regularly repriced. In contrast, some of the Group's assets either receive a fixed rate of interest or if they receive a floating rate of interest, they may not be repriced as frequently as the Group's deposits. The Group closely monitors the risks associated with changes in interest rates that may arise from maturity gaps, basis risks among different interest rate benchmarks, yield curve movements, interest rate repricing risks and risks from embedded options (if any), and mitigates such risks through the use of interest rate derivatives, mainly interest rate swaps, to hedge both assets and liabilities as available-for-sale securities and non-trading liabilities. Sensitivity analyses on the Bank's interest rate exposures are also conducted on a quarterly basis. However, in a volatile interest rate environment there can be no assurance that the Group's net interest margin will not be impacted and the Group's net interest income reduced.

The activities of Treasury and Markets Group ("**TMG**") also involve taking interest rate and credit spread risk. As the funding of treasury investments is generally of shorter duration than the assets that are held, which primarily consist of both fixed rate and floating rate investments, TMG may employ hedging strategies as appropriate to protect its portfolio. However, there can be no assurance that the investment income of TMG would not suffer from a rising interest rate environment or widening credit spread situation. Furthermore, there can be no assurance that the Bank will be able to generate positive net interest income in the future, and it is likely that in a continuing rising interest rate environment, the Bank's gains from disposals of securities may be lower, or that TMG may even incur losses.

The Group has significant exposure to the Hong Kong property market

The Group has significant exposure to the Hong Kong property market. As at 31 December 2021, home mortgage loans in Hong Kong (excluding loans under the Home Ownership Scheme and the Private Sector Participation Scheme and loans under a mortgage refinancing scheme launched by the Bank in 2002) accounted for 9.4 per cent. of the Group's total loans to customers while loans for property investment accounted for 6.3 per cent. of the Group's total loans to customers. The Hong Kong property market in general has been resilient, in particular the residential property market, in spite of the volatility experienced in recent years. Residential property prices in Hong Kong managed to recover and reach a new high in the third quarter of 2021, before heading for another correction as a result of the fifth wave of the COVID-19 pandemic in Hong Kong. The Centa-City Index decreased by about 5 per cent. as of late February 2022, after hitting a new record high in August 2021. Looking ahead, property prices are expected to remain under pressure with a potential of further adjustments, in view of the lingering Covid-19 pandemic, a weakening local economy, as well as the looming interest rate hikes and balance sheet reduction by the US Federal Reserve. The degree of adjustment will hinge on a number of factors, including the extent of the fifth wave of the Covid-19 pandemic in Hong Kong, the pace of USD interest rate hike and the Federal Reserve balance sheet reduction, the magnitude of HKD Prime Rate hike, and the strength of local economic recovery. A substantial fall in property values could adversely affect the Group's financial conditions and operations, and in turn its business performance.

The Group has significant PRC exposure

A significant proportion of the Group's loans are advanced to PRC entities, which are identified by those borrowers that are domiciled in the PRC, or guaranteed by entities domiciled in the PRC and thus have their risks transferred to PRC country risk. Such PRC-related loans accounted for 21.0 per cent. of the Group's total loans to customers as at 31 December 2021. For the year ended 31 December 2021, 13.0 per cent. of the Group's total non-performing loans is PRC-related non-performing loans. See "*Selected Statistical and Other Information Relating to the Group — Asset Quality — Top ten non-performing loans*". There can be no assurance that the Group's continued exposure to the PRC or its continual development in the PRC will not have a negative impact on the Group's earnings or an adverse effect on the Group's business, financial condition or results of operations. See "*Business — Strategy*".

The Group has significant committed exposure to a relatively few number of borrowers

As at 31 December 2021, the Group's 20 largest borrowers (including groups of individuals and companies) accounted for approximately HK$53,591.8 million (U.S.$6,871.1 million). As at 31 December 2021, the Group's five largest borrowers (including groups of individuals and companies) accounted for approximately HK$20,825.3 million (U.S.$2,670.0 million) with the largest borrower accounting for HK$5,655.3 million (U.S.$725.1 million) or 12.2 per cent. of the Group's Tier 1 capital base. The non-performance of loans held by one or more of these customers could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's funding is primarily short-term, and if depositors do not roll over their deposits upon maturity, the Group's liquidity could be adversely affected

The Group's funding requirements are primarily met through short-term funding sources, primarily in the form of customer deposits, inter-bank deposits and shareholders' funds. As at 31 December 2021, 82.7 per cent. of the Group's customer deposits had a remaining maturity of three months or less. Historically, a substantial portion of such customer deposits have been rolled over upon maturity. However, no assurance can be given that this pattern will continue. If a substantial number of depositors fail to roll over deposited funds upon maturity, the Group's liquidity position would be adversely affected and it may need to seek alternative sources of short-term or long-term funding to finance its operations, which may be more expensive than the current level of deposits.

The Deposit Protection Scheme (the "**Deposit Protection Scheme**") established under the Deposit Protection Scheme Ordinance (Cap. 581) of Hong Kong (the "**Deposit Protection Scheme Ordinance**") and subsequently, the Deposit Protection Scheme (Amendment) Ordinance 2010 (the "**Amendment Ordinance**") enacted on 1 January 2011, protects eligible deposits held with licensed banks in Hong Kong up to a limit of HK$500,000. However, there can be no assurance that the level of customer deposits of the Group will not be adversely affected by any future withdrawal of or any other changes to the Deposit Protection Scheme.

The HKMA acts as the provider of the Contingent Term Facility under the Liquidity Facilities Framework, at the discretion of the HKMA, to all authorised institutions in Hong Kong, when such authorised institutions face extraordinary liquidity stress that cannot be overcome through other means, to provide support for liquidity needs in the banking system generally as well as to specific institutions. In this regard, certain portions of the Bank's interest-earning assets are acceptable to the HKMA for such emergency funding support. However, there can be no assurance that the HKMA will take measures to assist banks in Hong Kong in the future or that it would elect to provide liquidity support assistance in the future to the Bank in the event of a liquidity crisis.

If the Bank is unable to control the level of impaired loans in its loan portfolio, its financial condition and results of operations will be materially and adversely affected

The Bank's results of operations may be negatively impacted by its impaired loans due to asset deterioration. Under the Hong Kong Financial Reporting Standards, the accounting principles that are applicable to the Bank, loans are impaired if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of the loans. As at 31 December 2021, the total amount of the Bank's impaired loans was HK$2,254.2 million (U.S.$289.0 million). The Bank's impairment allowances on loans and advances amounted to HK$1,871.8 million (U.S.$240.0 million) as at 31 December 2021.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of businesses of the Bank and there can be no assurance that the Bank will be able to control effectively the level of impaired loans in its loan portfolio and the credit quality of its borrowers and counterparties. In particular, the amount of the Bank's reported impaired loans, the ratio of its impaired loans to its loans and advances to customers may increase and the recoverability and value of the assets of the Bank may reduce in the future as a result of deterioration in the quality of its loan portfolio. Such deterioration may occur for a variety of reasons, including factors which are beyond the Bank's control, such as a slowdown in economic growth and other adverse macroeconomic conditions in Hong Kong and Greater China, which may cause operational, financial and liquidity problems for its borrowers and hence materially and adversely affect their ability to service their outstanding debts. Furthermore, a portion of the Bank's impairment allowances are estimated based on expected credit losses ("**ECL**") which have considered the historical patterns between credit quality and movement of macroeconomic factors of its loan portfolio. As historical patterns may behave differently in the future, its current impairment allowances on loans and advances may not be adequate to cover any unforeseeable change in the historical pattern or any future deterioration in the overall credit quality of the Bank's loan portfolio. As a result, the Bank may be required to increase its impairment allowances for impaired loans, which may in turn reduce its profit and adversely affect its financial condition and results of operations. Moreover, there is no precise method for predicting loan losses, and there can be no assurance that the Bank's impairment allowances on loans and advances are or will be sufficient to cover actual losses. If the Bank is unable to manage the above risks and control the level of its impaired loans, its financial condition and results of operations will be materially and adversely affected.

The Group's classification of loans and its policy in relation to the adequacy of allowance for loan losses may be different from the standards of other countries

In accordance with guidelines set by the HKMA, the Bank classifies its problem loans into one of three categories corresponding to levels of risk: "sub-standard", "doubtful" and "loss". The classification of loans into one of these categories depends on various quantitative and qualitative factors, including the number of overdue days, the type of loan, the tenor of the loan, the likelihood of collection, the type and amount of collateral, whether the net realizable value of the security is sufficient to cover the principal and accrued interest, whether the principal or interest amount has been overdue for more than 90 days, and the expectations for recovery or performance. The laws, regulations and guidelines governing banking in Hong Kong differ from those applicable in certain other countries in certain respects and may result in particular loans being classified at a different time or being classified in a category reflecting a different degree of risk than would be required in certain other countries. In addition, the typical procedures for writing off loans in Hong Kong may result in loans being written off later than would be the case for banks in certain other countries. Banks in Hong Kong may have different sets of criteria for recognition of accrued interest on loans which may be treated differently in certain other countries. While the Bank believes that its loan policies are generally in line with those which are required under Hong Kong laws and regulations, the Bank is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong. For a description of the banking regulations that apply to banks in Hong Kong, see "*Regulation and Supervision*".

The Bank may be adversely affected by allegations made against it by **its customers and/or its regulators**

The Bank offers a range of wealth management and investment products to its customers. The Bank's management of the selling process associated with the distribution of these products is important to the success of its business. The Bank is required, among other things, to assess the suitability of customers for particular investment products and ensure that risks associated with those products are adequately disclosed to its customers before the Bank sells such products to them. The Bank may become liable to customers for damages and may be subject to regulatory enforcement actions if the sale of these products by the Bank is subsequently found to be in breach of the relevant legal or regulatory requirements, or duties owed to customers.

Given the nature of the Bank's businesses, the Bank will face potential litigation and claims from disgruntled investors who have suffered losses with respect to their investments in the investment products subscribed through the Bank. Based on currently available information as at the date of this Supplement, the Bank does not expect such potential litigation and claims to have a material adverse impact on the Group's financial position.

The HKMA and the Securities and Futures Commission (the "**SFC**") regularly review and investigate complaints received from investors alleging mis-selling of investment products. The Hong Kong regulators can impose fines and/or suspend or withdraw a distributor's licence to engage in regulated activities in the event that a distributor has been found to have mis-sold investment products or be otherwise in breach of its legal or regulatory obligations. In response to issues arising from the distribution of structured products before the global financial crisis, the regulators in Hong Kong have since introduced new rules and regulations that impose stricter obligations on banks in Hong Kong in connection with the sale of investment products to their customers.

Litigation and claims will always be a possibility and such claims, in the aggregate, may become material to the Bank. Similarly, there can be no assurance that relevant government authorities or regulators will not seek to impose fines and/or suspend the Bank's regulated activities as a result of regulatory proceedings. Regulatory pressure to settle claims could also result in material payments by the Bank to disgruntled investors, which often does not reflect the merits of the parties' cases. Any legal or regulatory proceedings, whether substantiated or not, may result in negative publicity and a loss of customer confidence and/or goodwill, which may lead to a loss of business that may pose adverse effect on the Bank's reputation with existing and potential customers, as well as the Bank's business, financial condition or results of operations. Lastly, future legislative or regulatory restrictions may also limit the practices and ability of the Bank to sell structured investment products, which may have an impact on the Bank's business.

Fluctuations in foreign exchange rates could have an adverse effect on the Group's business, financial condition or results of operations

The Group undertakes various foreign exchange transactions as part of its treasury business and in providing hedging solutions to its corporate and retail customers. Foreign exchange positions of the Bank are subject to exposure limits approved by the Market Risk Committee (the "**MRC**") and the Credit and Risk Management Committee (the "**CRMC**"). The Bank's risk management function conducts regular and independent assessment, stress testing, scenario analysis, and monitors and controls the Bank's foreign currency risk exposure against corresponding limits including individual currency positions and overall foreign exchange positions and sensitivities. However, there can be no assurance that a significant change in the exchange rate between the relevant foreign currency and the Hong Kong dollar will not result in the Group incurring foreign exchange related losses, which in turn could have an adverse effect on the Group's business, financial condition or results of operations.

Security breaches to, and eliminating security problems of, the Group's internet banking services could have an adverse effect on its operations and reputation

To the extent that the Group's internet banking activities involve storage and transmission of confidential information, security breaches could expose the Group to possible liability and damage its reputation. The Group's network may be vulnerable to unauthorised access, computer viruses and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect the Group's business, financial condition or results of operations. Concerns regarding security risks may deter the Group's existing and potential customers from using its internet banking products and services. Eliminating computer viruses and alleviating other security problems may result in interruptions, delays or termination of user access to the Group's internet banking services. Undetected defects in software products that the Group uses in providing its internet banking services, and the Group's inability to sustain a high volume of traffic, may materially and adversely affect the Group's internet banking business.

CITIC is the ultimate controlling shareholder of the Bank

The Bank is 75 per cent. owned by CITIC International Financial Holdings Limited ("**CIFH**") which is 100 per cent. owned by China CITIC Bank Corporation Limited ("**CNCB**"). In turn, CNCB is over 60 per cent. indirectly owned by CITIC Limited. CITIC Limited is approximately 58 per cent. indirectly owned by CITIC Group Corporation ("**CITIC**" or the "**CITIC Group**"). CITIC Limited and CNCB are both listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

With their controlling shareholding, CITIC and CNCB ultimately determine the strategy, management and operations of the Bank. CITIC and CNCB are able to determine the Bank's corporate policies, appoint its Directors and officers, and vote to pursue corporate actions requiring shareholders' approval. As at the date of this Supplement, the Chairman of the Bank is nominated by CNCB. See "*Management*". Although to date the Bank has been managed independently, there can be no assurance that the Bank will maintain its independence in the event of a conflict of interests with CITIC and CNCB.

The Bank's future strategy is to focus on the development of cross-border capabilities and services to offer "one-stop" solutions in conjunction with CNCB to serve the China-related in-bound and/or out-bound business needs of its customers, both in the PRC and in Asia. See "*Description of the Issuer — Wholesale & Cross-border Banking Group*". There can be no assurance that conflicts of interests will not arise between the Bank and CNCB and/or other CITIC companies. Under these conditions, there can be no assurance that the Bank can continue to develop its business in the PRC successfully.

The Bank's future strategy is dependent on its success in maximising synergies with **CNCB**

CIFH's privatisation in November 2008 and the CIFH Acquisition (as defined in "*Description of the Issuer"*) by CNCB are integral steps to CITIC's Restructuring Strategy (as defined in "*Description of the Issuer"*) to develop into an international PRC banking franchise. The Bank's future strategy is developed based on its role as the international commercial banking platform for CITIC and CNCB. Its success will depend on the Bank's ability to maximise synergies with CNCB.

There can be no assurance that the strategic initiatives of the Bank and CNCB will be successful, or that the anticipated synergies expected to be generated from the strategic initiatives will be realised, as these may be affected by numerous factors including difficulties in integrating the existing operations of CNCB and the Bank, unforeseen contingent risks or latent liabilities that may only become apparent following completion of such integration, potential adverse tax consequences to the Bank and loss of key personnel.

Expansion of the Group's operations may disrupt its business and reduce its profitability if not managed effectively

Expansion into overseas markets may present the Group with new risks and challenges, such as new regulatory environments, different market practices and competition in these markets. Expansion into overseas markets may also require significant operational, administrative and management resources. The success of any such expansion will depend in part on the ability of the Group's management to integrate the operations of its new overseas businesses with its existing operations and, where applicable, to integrate various departments, systems and processes. Consequently, the Group's ability to implement its business strategy may be constrained and the timing of such implementation may be affected due to the demand placed on existing resources by the expansion process. There can be no assurance that any overseas expansion will achieve the level of performance that the Group anticipates or that the projected demand for, and margins of, the Group's products and services will be realised. The failure to manage expansion effectively could have an adverse effect on the Group's business, financial condition and results of operations.

There could be material changes in, or a breach of, the regulations that govern the Group and its business activities

Banks in Hong Kong are subject to the supervision of the HKMA, whose supervisory framework is in line with international standards. The Group's banking business in Hong Kong conducted through the Bank could be directly affected by any changes in the HKMA's policies, including in the areas of specific lending activities, loan provisioning, capital adequacy and liquidity requirements. In addition, any changes in regulatory or governmental policies, tax laws or rules and accounting principles, as well as international conventions and standards relating to commercial banking operations, including changes under Basel III, could affect the Group's operations and financial performance. Furthermore, US laws and regulations such as the Foreign Account Tax Compliance Act may have impacts on the financial institutions in Hong Kong generally as well as the Group's operations and reporting duty. There can be no assurance that any future changes in the regulatory environment for banks in Hong Kong will not adversely affect the Group's business, financial condition or results of operations in the future.

Apart from the above, certain products and services provided by the Group are regulated by other regulators, including the SFC and the Insurance Authority in Hong Kong. The Group carefully manages legal and compliance risks, including in relation to the sale of financial and insurance products and anti-money laundering regulations. However, there can be no assurance that breaches of legislation or regulations by the Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

The Bank may issue further securities

To ensure that it remains in compliance with applicable capital requirements under Hong Kong law, rules and regulations (including guidelines issued by the HKMA), the Bank may from time to time raise additional capital through such means and in such manner as it may consider appropriate including, without limitation, the issue of further notes (whether on terms similar to the Notes issued under the Programme or otherwise) or other hybrid capital instruments, subject to any regulatory approval that may be required. There can be no assurance that such future capital raising activities will not adversely affect the market price of the Notes issued under the Programme in the secondary market.

The Group may be affected by a discontinuation of or amendment to the link of the Hong Kong dollar to the US dollar or revaluation of the Hong Kong dollar

Under the Linked Exchange Rate System established in 1983, HK dollar banknotes are fully backed by US dollars at a rate of HK$7.80 to U.S.$1 (the **Linked Rate**) and depending on the flow of funds into and out of the HK dollar market, the HKMA also operates convertibility undertakings on both the strong side and the weak side of the Linked Rate within the convertibility zone between HK$7.75 and HK$7.85 to U.S.$1. In the event that this policy were to be changed or there were to be a revaluation of the Hong Kong dollar, it could adversely affect the Hong Kong economy and, as a result, the Group's business, financial condition or results of operations. There can be no assurance that the Hong Kong dollar will continue to be linked to the US dollar. As at 31 December 2021, the Group had US dollar denominated assets of approximately HK$178,846.6 million (U.S.$22,930.2 million) and US dollar denominated liabilities of approximately HK$170,188.6 million (U.S.$21,820.2 million), representing approximately 42.8 per cent. and approximately 46.3 per cent. of the Group's total assets and liabilities, respectively, at the same date. A significant change in the exchange rate between the US dollar and the Hong Kong dollar may have an adverse effect on the Group's business, liquidity, financial position and capital.

Considerations relating to Hong Kong and the PRC

The sub-section headed "Investment Considerations –Considerations relating to Hong Kong and the PRC" on pages 87 to 91 of the Offering Circular shall be deleted in its entirety and replaced with the following investment considerations:

The Group may be affected by an economic downturn in Hong Kong

The Group conducts most of its operations and generates most of its revenue in Hong Kong. The Group's performance and the quality and growth of its assets are necessarily dependent on the overall economy in Hong Kong. As a result, any downturn in the Hong Kong economy may adversely affect the Group'sbusiness, financial condition or results of operations.

In 2003, the Hong Kong economy was seriously affected by the Severe Acute Respiratory System ("**SARS**") epidemic, which resulted in, among other things, increased provisions which undermined the Group's profitability. Although the

Hong Kong economy has recovered from the impact of SARS in subsequent years, the global credit markets have experienced, and may continue to experience, significant dislocation and turbulence which originated from the liquidity disruptions in the US credit and sub-prime residential mortgage markets since the second half of 2007. Sub-prime mortgage loans in the United States experienced increased rates of delinquencies, foreclosures and losses. These and other related events, such as the collapse of a number of financial institutions resulted in an economic slowdown in the US and most economies around the world, substantial volatility in equity securities markets globally, fluctuations in foreign currency exchange rates and volatility and tightening of liquidity in global credit markets. Although global economic and financial conditions have improved since the second half of 2009, gradual withdrawal of monetary stimulus by central banks, emergence of trade protectionism in the US (such as the sustained tension between the US and China over trade policies) and the potential withdrawal of countries from the European Union (including the United Kingdom's exit from the European Union which took effect on 1 January 2021) have led to renewed doubts regarding the sustainability of the global economic recovery. Social events in Hong Kong which started in mid-2019 have led to significant challenges to the operating conditions in Hong Kong. Such social events have subsided but continued to linger, while sanctions by the United States on individuals and business entities in Hong Kong and China continue to lead to fluctuations in the political and economic conditions of Hong Kong. Moreover, the COVID-19 pandemic which began in 2020 has significantly affected the business environment of Hong Kong. In particular, cross-border travelling has been restricted as the Hong Kong government has implemented social distancing measures since early 2020 in order to fight against the pandemic. In 2020, Hong Kong's gross domestic product ("**GDP**") dropped 6.1 per cent., which is the largest contraction on record. Hong Kong economy managed to achieve a visible recovery in 2021 with GDP growth at 6.4 per cent., while unemployment rate reached a 17-year high of 7.2 per cent. as of February 2021 and then retracted to 3.9 per cent. as of December 2021. If there is another economic downturn or any slowdown in global economic recovery, there can be no assurance that the Hong Kong economy or the Group's business, financial condition and results of operations will not be adversely affected.

The Group expects the recovery of, and the continued growth in, the Hong Kong economy to depend in part upon the economic performances of the US and the PRC, as well as certain other developed countries. In addition, it will also to a large extent depend on the duration of the ongoing COVID-19 pandemic and its impact on Hong Kong and globally. There can be no assurance that future global events will not have an adverse effect on the Hong Kong economy and the Group.

The Group may be affected by an economic downturn in the PRC

The Bank plans to continue to develop its cross-border business and operations in the PRC in the future. Accordingly, the Group's performance and the quality and growth of its assets are necessarily dependent on the overall economy in the PRC. Many of the Group's commercial customers are dependent to varying degrees on trade with the PRC. The value of the Group's loans in the PRC, as well as its loans to companies that have business interests in the PRC, may be influenced by the general state of the PRC economy and may be affected by significant political, social or legal uncertainties or changes in the PRC (including changes in political leadership, the rate of inflation, RMB interest rate and RMB exchange rate). There can be no assurance that the economic and political environment in the PRC will remain favourable to the Group's business in the PRC in the future. See *"— Considerations relating to the Group — The Group has significant PRC exposure" and "Business — Strategy*".

China's GDP growth was only 2.3 per cent. in 2020 as a result of the negative consequences of the COVID- 19 pandemic, yet it was one of very few economies in the world that reported a positive GDP growth in 2020. The RMB appreciated 6.1 per cent. against the USD in 2020 due to the sharply weakened USD on one hand and a rapid recovery of China's economy from the COVID-19 pandemic on the other hand. In 2021, China's GDP grew 8.1 per cent. but the recovery was uneven to some extent. On one hand, China's export competitiveness further improved during the COVID-19 pandemic, with international trade recording significant growth and exports and trade surplus reaching successive record highs. On the other hand, stringent pandemic prevention and control measures inevitably placed restrictions on consumption. China's real estate sector also reported liquidity concerns during the second half of 2021, and China's internet sector faced regulatory challenges. The PRC government is expected to continue to cope with the problems of excess capacity and high corporate debt, and to contain financial risks. Sustained tension between the US and China may pose an additional risk to China's economic prospects. If the PRC's economy experiences a renewed slowdown in growth or a downturn in the future, or if the RMB exchange rate experiences unexpected phenomenal fluctuations, the Group's PRC business and its ability to implement its growth strategies in the PRC could be materially and adversely affected.

With the increased integration of the PRC and Hong Kong economies, PRC policies will have an impact on Hong Kong and Hong Kong companies conducting business in the PRC. The Bank and its customers mayalso be affected accordingly.

The Bank is subject to various regulatory requirements in the Hong Kong banking industry

Under the Banking Ordinance, the HKMA regulates the business activities and operations of commercial banks and has the ability to influence banking and financial markets generally. Potential investors should be aware that regulatory requirements in Hong Kong may differ from those that prevail in other countries. Since the Group operates in the highly regulated banking and securities industries in Hong Kong, potential investorsshould also be aware that the regulatory authorities have been consistently imposing higher standards and developing new guidelines and regulatory requirements such as the Basel III capital adequacy standardswhich have been adopted in Hong Kong.

In December 2010 and January 2011, the Basel Committee issued further capital requirements designed to raise the quality, consistency and transparency of banks' capital base and new global liquidity standards. These requirements are collectively known as Basel III. Among other things, Basel III increases the minimumcapital adequacy ratio requirements in relation to risk-weighted assets, with the common equity requirement rising from 2 per cent. to 4.5 per cent. and the Tier 1 capital requirements rising from 4 per cent. to 6 per cent.The total minimum capital requirement remains unchanged at 8 per cent.

The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" included the following statements:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationallyactive bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

(a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorblosses before tax payers are exposed to loss;

(b) a peer group review confirms that the jurisdiction conforms with clause (a); and

(c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph."

The release also states as follows: "The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority" (for the purposes of this Supplement, each a "**Non-Viability Event**").

The initial stage of the Basel III reforms has been implemented by the Hong Kong government since the beginning of 2013, and the full implementation of the reforms will be completed by January 2023.

These standards require banks to disclose key pieces of information on capital, risk exposures, risk assessment processes and hence capital adequacy. The aim of the new standards is to encourage banks to demonstrate to the market participants that their risk management systems are robust and that all relevantrisks have been identified and controlled.

The Bank has taken steps to implement the recommendations by relevant regulators and to comply with any new or modified regulations. Increased regulation and the requirement for more stringent investor protections have increased its operational and compliance expenses. Any changes in regulation, governmental policies, income tax laws or rules and accounting principles, as well as international conventions and standards relating to commercial banking operations in Hong Kong, could affect the Group's operations. There can be no assurance that the relevant regulatory authorities will not implement further regulations and that such change will not materially increase the Group's operational and compliance cost or adversely affect its business or operations.

The Bank is subject to minimum regulatory capital and liquidity requirements

The Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Capital requirements are now more sensitive to market movements than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Group's results of operations. A shortage of available capital might restrict the Group's opportunities for expansion.

Under Basel III, capital and liquidity requirements have been raised. On 17 December 2009, the Basel Committee of Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled 'Strengthening the resilience of the banking sector'. On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on Basel III. The Basel Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement and the total Tier 1 capital requirement. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer to withstand future periods of stress. If there is excess credit growth in any given country resulting in a system-wide build up of risk, a countercyclical buffer of common equity is to be applied as an extension of the conservation buffer.

Furthermore, systemically important banks should have loss-absorbing capacity beyond these standards. The Basel III reforms also require Tier 1 and Tier 2 capital instruments to be more loss-absorbing.

The reforms therefore increase the minimum quantity and quality of capital which banks are obliged to maintain. There can be no assurance as to the availability or cost of such capital. The capital requirements has been supplemented by leverage ratio which has been adopted in Hong Kong.

Regarding liquidity perspective, Basel III also strengthened the requirements and introduced liquidity coverage ratio and net stable funding ratio which have been adopted in Hong Kong.

There can be no assurance that, prior to its full implementation by 2023, the Basel Committee will not amend the package of reforms described above. Further, the HKMA may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital requirementson authorised institutions. If the regulatory capital requirements, liquidity restrictions or ratios applied to the Group are increased in the future, any failure of the Group to maintain such increased regulatory capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on the Group's results of operations.

The Bank may be affected by the Financial Institutions (Resolution) Ordinance of Hong Kong

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong as may be designated by therelevant resolution authorities, which may in the future include members of the Group (a "**FIRO Group Entity**"). The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution for a failing authorised institution or within scope financial institution in Hong Kong in order to stabilise and secure their continuity. In particular, in the context of a resolution of any FIRO Group Entity, the relevant resolution authority may have the ability to resolve other entities within the Group as if they were themselves a within scope financial institution for the purposes of FIRO and take certain actions and make certain directions in relation to such entities. Any such actions could potentially affect contractual and property rights relating to the relevant entity. The implementation of FIRO remains untested and certain details relating to FIRO have been or will be set out through secondary legislation and supporting rules. Therefore, the Bank is unable to assess the full impact of FIRO on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries or other Group entities, the Bank's operations and/or its financial position.

Considerations relating to the Capital Securities

The Capital Securities may not be a suitable investment for all investors.

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in the Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for principal or Distribution payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Capital Securities and be familiar with the behaviour of any relevant financial markets; and

(e) be able to evaluate (either alone or with a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Capital Securities are complex financial instruments and of high risk. The treatment of the Capital Securities, including in respect of tax, remains unclear. A potential investor should not invest in the Capital Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, including the effects of inflation, the resulting effects on the value of the Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Capital Securities are perpetual securities and investors have no right to require redemption.

The Capital Securities are perpetual and have no maturity date. Securityholders have no ability to require the Issuer to redeem their Capital Securities whereas the Issuer can redeem the Capital Securities in certain circumstances as described in the Conditions. However, the Issuer is under no obligation to redeem the Capital Securities at any time. The ability of the Issuer to redeem Capital Securities is subject to the Issuer (a) obtaining the prior written consent of the Monetary Authority (if then required) to the redemption, and (b) satisfying any conditions that the Monetary Authority may impose at that time.

This means that Securityholders have no ability to cash in their investment, except if the Issuer exercises its right to redeem the Capital Securities or by selling their Capital Securities. However, there can be no guarantee that the Issuer will be able to meet the conditions for redemption of Capital Securities. Securityholders who wish to sell their Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Capital Securities.

In addition, upon the occurrence of a Withholding Tax Event, a Tax Deduction Event or a Capital Event, the Capital Securities may be redeemed at the relevant redemption amount, as more particularly described in the Conditions. Also, if any Non-Viability Event occurs, as more fully described in "*– The terms of the Capital Securities contain non-viability loss absorption and bail-in provisions*", Securityholders may lose up to the full principal amount of the Capital Securities.

There can be no assurance that Securityholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

The Capital Securities may be redeemed at the Issuer's option on the First Call Date and every six months thereafter or on the occurrence of certain other events.

The Capital Securities are redeemable at the option of the Issuer on the First Call Date and on any Distribution Payment Date thereafter at their principal amount together (if appropriate) with any Distribution accrued to (but excluding) the date fixed for redemption. Additionally, upon the occurrence of a Withholding Tax Event, a Tax Deduction Event or a Capital Event, the Capital Securities may be redeemed at their principal amount together (if appropriate) with any Distribution accrued to (but excluding) the date fixed for redemption, as more particularly described in the Conditions.

However, prior to any such redemption, the Issuer must obtain the prior written consent of the Monetary Authority to the extent such consent is then required, as described in Condition 8.12A.

The date on which the Issuer elects to redeem the Capital Securities may not accord with the preference of individual Securityholders. This may be disadvantageous to the Securityholders in light of market conditions or the individual circumstances of the securityholders of the Capital Securities. There can be no assurance that Securityholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

The Issuer's obligations under the Capital Securities are subordinated.

The Issuer's obligations under the Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* with Parity Obligations. Subject, *inter alia*, as discussed under "– *The terms of the Capital Securities contain non-viability loss absorption and bail-in provisions*", to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation (as defined in Condition 3.3(a)), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of such senior creditors as set out in Condition 3.3 and will rank senior to all Junior Obligations. In the event of a shortfall of funds on a Winding-Up, there is a risk that an investor in the Capital Securities will lose all or part of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Capital Securities. The Capital Securities also do not limit the Issuer's ability or the ability of any entity in the Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Capital Securities.

The terms of the Capital Securities contain non-viability loss absorption and bail-in provisions.

Under the Conditions, a Non-Viability Event occurs when the Monetary Authority notifies the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; or that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non- viable.

The Conditions also provide that each Securityholder (as defined in the Conditions) and the Trustee shall be subject, and deemed to agree that the relevant Hong Kong Resolution Authority (as defined in the Conditions) can exercise the Hong Kong Resolution Authority Power (as defined in the Conditions) in relation to the Capital Securities. The Hong Kong Resolution Authority Power allows the relevant Hong Kong Resolution Authority to take certain actions in relation to the Capital Securities, including to:

(a) cancel all or a part of the principal amount of, or Distribution on, the Capital Securities;

(b) modify or change the form of the Capital Securities;

(c) suspend the operation of the Conditions in relation to the Capital Securities or deem payments of principal or Distribution to have been made in relation to the Capital Securities when no payments of principal or Distribution have been made; and

(d) order anything else the relevant Hong Kong Resolution Authority considers appropriate in consequence of exercising the Hong Kong Resolution Authority Power.

If a Non-Viability Event occurs and is continuing, the Issuer shall, upon the provision of a Non-Viability Event Notice (which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of the Non-Viability Event), irrevocably reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part). If the Hong Kong Resolution Authority Power is exercised by the relevant Hong Kong Resolution Authority, the provisions detailed in the instrument by which the relevant Hong Kong Resolution Authority exercises the Hong Kong Resolution Authority Power (the "**Hong Kong Resolution Authority Power Instrument**") shall apply to the Capital Securities. Although the Issuer has agreed to notify the clearing systems and the Securityholders following the occurrence of a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power, there will be a delay between a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power and the time that the clearing systems and the Securityholders via the clearing systems are notified of the occurrence of the relevant event through their clearing systems accounts or otherwise. Such delay may exceed several days during which trading and settlement in the Capital Securities may continue. Any such delay will not change or delay the effect of a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power on the obligations of the Issuer under the Capital Securities or on the rights of the Securityholders. See "*Terms and Conditions of the Capital Securities – Distribution – Non-Viability Loss Absorption*" and "*– Hong Kong Resolution Authority Power*". The notification of a Non-Viability Event is at the discretion of the Monetary Authority and the exercise of the Hong Kong Resolution Authority Power is at the discretion of the relevant Hong Kong Resolution Authority and both beyond the control of the Issuer. The circumstances in which such discretion is exercised are not limited and may include concerns about the Issuer's capital, funding and/or liquidity levels.

Securityholders should note that any amount that is written down upon the occurrence of a Non-Viability Event in accordance with the Conditions or is subject to the demise of the Hong Kong Resolution Authority Power is permanent and will not be restored under any circumstances, even if the relevant Non-Viability Event or exercise of the Hong Kong Resolution Authority Power has ceased. In addition, a Non-Viability Event or exercise of the Hong Kong Resolution Authority Power may occur on more than one occasion and each Capital Security may be written down on more than one occasion. As the Distribution Rate is calculated on the basis of the principal amount as adjusted following the occurrence of a Non-Viability Event or as provided for in the relevant Hong Kong Resolution Authority Power Instrument, in the event that such principal amount is permanently reduced by the relevant Write-off or exercise of the Hong Kong Resolution Authority Power, Securityholders will receive less Distributions on their Capital Securities. In addition, upon the occurrence of a Non-Viability Event or exercise of the Hong Kong Resolution Authority Power, Securityholders could risk losing up to the full principal amount of the Capital Securities, as well as the cancellation of any accrued (and unpaid) Distributions, without receiving any compensation for such loss or cancellation. See *"Regulation and Supervision – The Hong Kong "Resolution Regime""* of the Offering Circular.

The occurrence of a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power may be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control.

The occurrence of a Non-Viability Event is dependent on a determination by the Monetary Authority:

(a) that a Write-off or conversion is necessary, without which the Issuer would become non-viable; or

(b) that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

The exercise of the Hong Kong Resolution Authority Power is dependent on the terms of the Hong Kong Resolution Authority Power Instrument. As a result, the Monetary Authority may require or may cause a Write-off or the relevant

Hong Kong Resolution Authority may exercise the Hong Kong Resolution Authority Power in circumstances that are beyond the control of the Bank and the Group and with which neither the Bank nor the Group agree. Due to the inherent uncertainty regarding the determination of whether a Non- Viability Event exists or whether the Hong Kong Resolution Authority Power will be exercised, it will be difficult to predict when, if at all, a Write-off or the exercise of the Hong Kong Resolution Authority Power in relation to the Capital Securities will occur. Accordingly, the trading behaviour in respect of the Capital Securities is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Bank is trending towards a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power could have a material adverse effect on the market price of the Capital Securities.

Potential investors should consider the risk that a holder of Capital Securities may lose all of their investment in the Capital Securities, including the principal amount plus any accrued but unpaid Distribution, in the event that a Non-Viability Event occurs or the Hong Kong Resolution Authority Power is exercised.

There is no assurance that any contractual provisions with non-viability loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that the Monetary Authority may implement in the future. There is a risk that the Monetary Authority may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee.

The Capital Securities may be subject to a full or partial Write-off.

Investors may lose all of their investment in any Capital Securities upon the occurrence of a Non-Viability Event, which will lead to a full or partial Write-off. Investors may lose all of their investment in the Capital Securities as a result of the cancellation or modification of the Capital Securities pursuant to the exercise of the Hong Kong Resolution Authority Power. Upon the occurrence of a Write-off or so specified in the Hong Kong Resolution Authority Power Instrument, the principal amount and any accrued but unpaid Distribution of such Capital Securities will automatically be written down and if there is a full Write-off the principal amount and any accrued but unpaid Distribution may be written down completely and such Capital Securities will be automatically cancelled.

In addition, the subordination and set off provisions set out in Condition 3 are effective only upon the occurrence of any winding-up proceedings of the Bank. In the event that a Non-Viability Event occurs the rights of holders of Capital Securities shall be subject to Condition 6. In the event that the Hong Kong Resolution Authority Power is exercised, the rights of the holders of the Capital Securities shall be subject to the provisions in the Hong Kong Resolution Authority Power Instrument. The occurrence of a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power may not result in the same outcome for Securityholders as would otherwise occur under Condition 3 upon the occurrence of any winding-up proceedings of the Bank.

Furthermore, upon the occurrence of a Write-off of any Capital Securities or if specified in the Hong Kong Resolution Authority Power Instrument, Distribution will cease to accrue and all Distribution amounts that were not due and payable prior to the Write-off or as specified in the Hong Kong Resolution Authority Power Instrument shall become null and void. Consequently, Securityholders will not be entitled to receive any Distribution that has accrued on such Capital Securities from (and including) the last Distribution Payment Date falling on or prior to the Non-Viability Event Notice or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument. Upon the occurrence of a Write-off or if specified in the Hong Kong Resolution Authority Power Instrument, no Securityholder may exercise, claim or plead any right to any such amounts written off, and each Securityholder shall be deemed to have waived all such rights to such amounts.

Any such Write-off or exercise of the Hong Kong Resolution Authority Power will be irrevocable and the Securityholders will, upon the occurrence of a Write-off or if specified in the Hong Kong Resolution Authority Power Instrument, not receive any shares or other participation rights of the Bank or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Bank or any other member of the Group, or be entitled to any subsequent write-up or any other compensation in the event of a potential recovery of the Bank or the Group.

Transfers scheduled to settle through Euroclear and Clearstream (the "ICSDs") are expected to be rejected if the scheduled settlement is after any suspension by the ICSDs of clearance and settlement of the Capital Securities in

connection with a Non-Viability Event Notice or the exercise of the Hong Kong Resolution Authority Power. Furthermore, because of time zone differences and the delay between the time when a Non-Viability Event occurs or the Hong Kong Resolution Authority Power is exercised and when the ICSDs receive and process the Non-Viability Event Notice or the notice that the Hong Kong Resolution Authority Power has been exercised, it is possible that transfers may either (i) fail to settle through the ICSDs even though such transfers were initiated prior to the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument or (ii) are settled through the ICSDs even though such transfers were initiated after the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument.

The ICSDs are expected to suspend all clearance and settlement of transfers of the Capital Securities by Securityholders after receipt of a Non-Viability Event Notice or as specified in the Hong Kong Resolution Authority Power Instrument, and any transfer of the Capital Securities that is scheduled to settle after commencement of such suspension is expected to be rejected by the ICSD and will not be settled within the ICSDs.

Although a Non-Viability Event Notice or notice of the exercise of the Hong Kong Resolution Authority Power will be sent by the Issuer to the ICSDs and the Securityholders via the ICSDs after the occurrence of a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power, the records of the ICSDs will not be immediately updated to reflect the Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power, and a period of time, which may exceed several days, will be required before the clearance and settlement of transfers of the Capital Securities through the ICSDs are suspended. Due to such delay, it is possible that transfers that are initiated prior to such suspension and scheduled to settle on a date after the ICSDs commence such suspension will fail to settle through the ICSDs even though such transfers were initiated prior to the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument. In such circumstances, transferors of the Capital Securities would not receive any consideration through the ICSDs in respect of such intended transfer because the ICSDs will not settle such transfer after commencement of such suspension. Similarly, it is possible that transfers that are initiated prior to such suspension and scheduled to settle on a date before the ICSDs commence such suspension will be settled through the ICSDs even though such transfers were initiated after the Non-Viability Event or the relevant cut-off time specified in the Hong Kong Resolution Authority Power Instrument. In such circumstances, transferees of the Capital Securities may be required to pay consideration through the ICSDs even though, upon the occurrence of a Non-Viability Event or if specified in the Hong Kong Resolution Authority Power Instrument, no amounts under the Capital Securities will thereafter become due, and such transferees will have no rights whatsoever under the Trust Deed or the Capital Securities to take any action or enforce any rights or instruct the Trustee to take any action or enforce any rights whatsoever against the Bank, regardless of whether they have received actual or constructive notice of such fact. The settlement of the Capital Securities following a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power will be subject to procedures of the ICSDs that are in place at such time.

The application of a non-viability loss absorption feature similar to Condition 6C, the exercise of the Hong Kong Resolution Authority Power as set out in Condition 6D has not been tested in Hong Kong and some degree of uncertainty may exist in its application.

Payments of Distribution are discretionary and Distributions are non-cumulative.

Payment of Distributions on any Distribution Payment Date is at the sole discretion of the Issuer. Subject to the Conditions, the Issuer may elect to or, in certain cases, be required to cancel any Distribution on any Distribution Payment Date. The Issuer may make such election for any reason. In addition, the Issuer will not be obliged to pay, and will not pay, any Distribution upon the occurrence of a Mandatory Distribution Cancellation Event or an Optional Distribution Cancellation Event. Cancelled Distributions will not be reinstated and will not constitute an event of default.

In addition, Distributions would only be paid out of such amounts for the time being available to the Issuer for distribution in compliance with section 297 of the Companies Ordinance as at the Issuer's latest audited balance sheet, and subject to certain capital conservation requirements as applicable to the Issuer. As at the date of this Supplement, pursuant to section 297(1) of the Companies Ordinance, the Issuer may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance, the Issuer's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital.

Any Distributions which are not paid on the applicable Distribution Payment Date following a Mandatory Distribution Cancellation Event, an Optional Distribution Cancellation Event or a Write-off shall not accumulate or be payable at any time thereafter, whether or not funds are or subsequently become available. Securityholders will have no right thereto whether in a bankruptcy or dissolution as a result of the insolvency of the Issuer or otherwise. Therefore, any Distributions not paid following a Mandatory Distribution Cancellation Event, an Optional Distribution Cancellation Event or a Write-off will be lost and the Issuer will have no obligation to make payment of such Distributions or to pay interest thereon.

If Distributions are not paid for whatever reason, the Capital Securities may trade at a lower price. If a Securityholder sells his Capital Securities during such a period, he may not receive the same return on investment as a Securityholder who continues to hold his Capital Securities until Distributions are resumed.

There are limited remedies for non-payment under the Capital Securities.

Any scheduled Distribution will not be due if the Issuer elects not to pay that Distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment of principal or any Distributions on any of the Capital Securities has become due and such failure continues for a period of 14 days in the case of Distributions or seven business days in the case of principal; or where an order is made or an effective resolution passed for the Winding-Up or dissolution of the Issuer. The only remedy against the Issuer available to any Securityholders for recovery of amounts in respect of the Capital Securities following the occurrence of a payment default after any sum becomes due in respect of the Capital Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Issuer's payment obligations arising from the Capital Securities. In such a winding-up, the claims of the Securityholder will be subordinated and subject in right of payment to the prior payment in full of all claims of such senior creditors as set out in Condition 3.3.

The Trustee may request that Securityholders provide indemnity to its satisfaction.

In certain circumstances (including, without limitation, as referred to in Condition 11.2A and Condition 11.3), the Trustee may request the Securityholders to provide indemnity and/or security and/or funds to its satisfaction before it takes action on behalf of the Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or provided with security and/or put in funds to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or funds can be a lengthy process and may impact on when such action can be taken. The Trustee may not be able to take actions notwithstanding the provision of indemnity and/or security and/or funds to it, in breach of the terms of the Trust Deed or Terms and Conditions.

The Issuer may raise other capital which affects the price of the Capital Securities.

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Capital Securities, and there is no restriction on the Issuer issuing securities with or without Non-Viability Loss Absorption provisions (whether or not such provisions are similar to those of the Capital Securities). The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on a dissolution or winding-up and/or may increase the likelihood of a cancellation of Distributions under the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Capital Securities and/or the ability of Securityholders to sell their Capital Securities.

The operation of the resolution regime in Hong Kong may override the contractual terms of the Capital Securities.

In Hong Kong, the FIRO became effective on 7 July 2017. The Monetary Authority is the relevant Hong Kong Resolution Authority in relation to banking sector entities in Hong Kong, such as the Bank. The Monetary Authority's powers under

FIRO include, but are not limited to, powers to write off or convert all or a part of the principal amount of, or Distribution on, the Capital Securities, and powers to amend or alter the contractual provisions of the Capital Securities. Whilst the FIRO sets out a framework of the resolution regime in Hong Kong, much of the detail is to be legislated through secondary legislation and supporting rules, and as such the impact of it on the Capital Securities cannot currently be fully accurately assessed. See "*Regulation and Supervision – The Hong Kong "Resolution Regime"*" of the Offering Circular.

The operation of the resolution regime in Hong Kong may affect the rights of the Securityholders and could result in the Securityholders losing their rights in relation to accrued and future Distribution without compensation. See "*– The terms of the Capital Securities contain non-viability loss absorption and bail-in provisions*".

CAPITALISATION

The section headed "Capitalisation" on pages 102 to 103 of the Offering Circular shall be deleted in its entirety and replaced with the following:

The following table sets forth the consolidated capitalisation of the Group as at 31 December 2021. The information as at 31 December 2021 has been derived from the audited financial statements of the Group as at 31 December 2021. This table should be read in conjunction with the audited financial statements of the Group as at 31 December 2021, including the notes thereto, which are incorporated by reference in this Supplement.

Short-term funding and long-term funding

	At 31 December 2021	
	HK$	*U.S.$(1)*
	(in millions)	
Short-term borrowings(2)		
Deposits and balances of banks and financial institutions, short-term portion	13,584.4	1,741.7
Deposits of customers, short-term portion(3)	325,220.8	41,697.1
Certificates of deposits, short-term portion	1,481.4	189.9
Total short-term liabilities	340,286.6	43,628.7
Capitalisations		
Long-term borrowings(4)		
Deposits of customers, long-term portion(3)	2,547.2	326.6
Loan capital	3,883.9	498.0
Total long-term liabilities	6,431.1	824.6
Share capital(5)	18,404.0	2,359.6
Reserves	22,827.7	2,926.8
Shareholders' equity	41,231.7	5,286.4
Other equity instruments	8,554.8	1,096.8
Total capitalisation(6)	56,217.6	7,207.8

Notes:

(1) Translated at the rate of HK$7.7996 = U.S.$1.00.
(2) Short-term borrowings represent borrowings with a remaining maturity of one year or less or borrowings that are repayable on demand.
(3) As at 31 December 2021, deposits of customers (short-term and long-term) amounted to HK$327,768.0 million (U.S.$42,023.7 million).
(4) Long-term borrowings represent borrowings with a remaining maturity of more than one year.
(5) As at the date of this Supplement, the issued and fully paid share capital is HK$18,404.0 million (U.S.$2,359.6 million).
(6) Total capitalisation represents the sum of total long-term liabilities, shareholders' equity and other equity instruments.
(7) Save as disclosed above, there has been no material change in the consolidated capitalisation of the Bank since 31 December 2021.

DESCRIPTION OF THE ISSUER

The section headed "Description of the Issuer" on pages 104 to 129 of the Offering Circular shall be deleted in its entirety and replaced with the following:

The Bank is incorporated and licensed in Hong Kong with business operations and presence spanning across Hong Kong, Macau, the PRC, the United States and Singapore. It is 75 per cent. owned by CITIC International Financial Holdings Limited ("**CIFH**"), which in turn is 100 per cent. owned by China CITIC Bank Corporation Limited ("**CNCB**"). CNCB is over 60 per cent. indirectly owned by CITIC Limited while CITIC Limited is approximately 58 per cent. indirectly owned by CITIC Group Corporation. On 29 September 2017, the Bank implemented a plan to introduce five financial investors who injected approximately HK$9.05 billion in total into the Bank for a combined 25 per cent. holding of its enlarged issued share capital. The five financial investors are Tian Yuan Trading Ltd. (a subsidiary of Ningxia Tianyuan Manganese Co., Ltd.), Hong Kong Guansheng Investment Co., Ltd. (a subsidiary of Xinhu Zhongbao Co., Ltd.), Anxin Trust Co., Ltd., Clear Option Ltd. and Elegant Prime Ltd. (the two latter companies are wholly owned by Mr. Hui Wing Mau, the controlling shareholder of Shimao Property Holdings Ltd.). The transaction was completed on 15 December 2017. CIFH continues to retain 75 per cent. shareholding in the Bank after the transaction.

By providing value-creating financial solutions in order to define and exceed the wealth management and international business objectives of its Greater China and overseas customers, the Bank aspires to be "the best overseas integrated financial services provider" with the best international standards and capabilities. As at the date of this Supplement, the Bank had a network of 24 retail branches and two business banking centres in Hong Kong, and a branch in each of Macau, New York, Los Angeles and Singapore. The Bank's wholly owned subsidiary, HKCB Finance Limited ("**HKCBF**"), specialises in mortgage services in Hong Kong while its PRC-incorporated wholly owned subsidiary, CITIC Bank International (China) Limited ("**CBI China**"), is headquartered in Shenzhen with branches in Beijing and Shanghai.

The Bank is an integral part of CITIC Group's international commercial banking strategy. It is CITIC's vehicle for developing commercial banking businesses in Hong Kong, and the commercial banking platform for overseas business expansion for CITIC. In an effort to drive CITIC's strategy to restructure and align its Hong Kong and mainland Chinese commercial banking businesses operated through the Bank and CNCB, respectively, CITIC privatised CIFH in November 2008 to facilitate and maximise the synergy from the tripartite cooperation between the Bank, CNCB and Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**") (the "**Restructuring Strategy**"). (See "*Principal Shareholders — CITIC International Financial Holdings Limited*".) Aside from this, CITIC also transferred all its holdings in CIFH to CNCB for a cash consideration of approximately HK$13.6 billion (U.S.$1.7 billion) (the "**CIFH Acquisition**"). The CIFH Acquisition was completed on 23 October 2009.

On 23 December 2014, BBVA agreed to dispose of its 29.68 per cent. stake in CIFH to CNCB for HK$8,162 million and the transaction was completed on 27 August 2015. Following completion of the transaction, CNCB assumed full ownership of CIFH.

The Bank believes it has the following competitive advantages:

- International management standards — the Bank is independently managed by a team of qualified international banking professionals who are committed to international standards, business excellence and corporate governance;

- Mainland Chinese parentage — the Bank offers depth of knowledge and market connectivity in the PRC through its strong ties with and support from CNCB and its ultimate parent, CITIC;

- One-stop cross-border financial solutions — the Bank has a business model structured strategically for offering effective and timely one-stop financial solutions to customers with cross-border banking and financial needs, and for capturing cross-border opportunities entailed by Hong Kong's role as an offshore RMB centre as well as business opportunities arising from the implementation of the Greater Bay Area initiatives announced by the PRC government;

- Customer-centric culture — the Bank has a customer-centric culture with a focus on upholding integrity, transparency, professionalism, discipline, innovation and progressiveness; and

- Strategic business position — the Bank is designated as the international commercial banking platform for CITIC and CNCB.

For the year ended 31 December 2021, the Group reported consolidated net profits of HK$2,128.4 million (U.S.$272.9 million), up 84.2 per cent. as compared to the corresponding period of the previous year. As at 31 December 2021, the Group had consolidated total assets, total loans to customers and total customer deposits and certificates of deposit issued of HK$417.5 billion (U.S.$53.5 billion), HK$242.7 billion (U.S.$31.1 billion) and HK$329.2 billion (U.S.$42.2 billion), respectively, and its capital adequacy ratio, loans to deposits ratio, loans to total assets ratio and average liquidity coverage ratio were 17.1 per cent., 73.7 per cent., 58.1 per cent. and 239 per cent., respectively.

The Bank's operations currently comprise three main lines of business: Personal & Business Banking Group ("**PBG**"), Wholesale and Cross-border Banking Group ("**WBG**") and Treasury and Markets Group ("**TMG**").

The principal operations of the Bank's three main lines of business are as follows:

Personal & Business Banking Group

PBG is positioned to be the best integrated retail inMotion Bank, leading the peers banks to provide customer-centric and digital savvy user experience in Hong Kong and the Greater Bay Area, and focuses on serving affluent individuals and small business customers in Hong Kong and the PRC. Its products and services primarily comprise general banking and wealth management services for individuals, mortgage lending, consumer lending and credit cards, insurance services, as well as banking solutions for small- and medium-sized enterprises ("**SMEs**"). These are offered through a multi-channel distribution system which comprises retail branches, direct sales, automated teller machines, a 24-hour call centre, i-banking, phone banking and mobile banking.

Wholesale Banking Group

WBG is strategically positioned to be a full-service banking partner for Greater China and international corporates seeking, or active in, cross-border businesses and investments in the PRC. Its target customers include local Hong Kong and PRC companies, multinational companies, State-owned Enterprises ("**SOE**"), Privately-owned Enterprises ("**POE**"), banks and non-bank financial institutions and public sector. It strives to offer these customers tailored and value-enhancing solutions including products and services such as account services, cash management services, bilateral loan, trade finance, structured finance, syndicated loan, as well as corporate treasury services, debt capital market products and custodian services. WBG's key business units include Corporate Banking, Financial Institutions and Public Sector, Group Co-operation Office, Transaction Banking and Structured Finance, and the Bank's overseas branches in Singapore, New York, Los Angeles and Macau.

Treasury and Markets Group

TMG performs the dual function of managing the Bank's liquidity and risk exposures, and developing customer-driven trading and distribution capabilities for the Bank. One of TMG's principal roles lies in asset and liability management for the Bank. Under the oversight of the Asset and Liability Committee (the "**ALCO**"), TMG's functions include liquidity management, funding and financing in the money markets and capital markets, and the management of the Bank's trading and investment portfolios. TMG is also responsible for developing the Bank's customer-related treasury business. Apart from offering traditional liabilities hedging solutions, TMG also offers wealth management solutions to customers and works closely with PBG and WBG to cross-sell packaged and tailored structured solutions to the Bank's retail and corporate customers. In June 2016, TMG commenced its Debt Capital Markets ("**DCM**") business, enriching the range of products available to clients and enhancing service capability.

History

The history of the Bank dates back to February 1922 with the inception of Ka Wah Ngan Ho in Guangzhou, China. In 1924, Ka Wah Ngan Ho was incorporated as a limited company in Hong Kong under the Hong Kong Companies Ordinance under the name of The Ka Wah Savings Bank Limited, which subsequently became The Ka Wah Bank Limited in January 1949. In July 1980, The Ka Wah Bank Limited made an initial public offer of 35,000,000 ordinary shares of HK$1.00 par value per share. The Bank experienced financial difficulties in 1985 as a result of adverse economic conditions in Hong Kong and incurred substantial losses. This led to the restructuring of the Bank in 1986 with an investment injection of HK$350 million by CITIC, which is now the ultimate controlling shareholder of the Bank. CITIC was approved by the State Council of the People Republic of China and established in 1979. It is a large state-owned multinational conglomerate with a wide range of businesses covering finance, energy and resources, manufacturing, engineering contracting and real estate.

In 1998, The Ka Wah Bank Limited underwent a management restructuring and transformed from a small-sized bank managed predominantly by bankers from the PRC into a medium-sized bank managed predominantly by professionals recruited from international commercial banks in Hong Kong. In July 1998, The Ka Wah Bank Limited changed its name to CITIC Ka Wah Bank Limited to underscore its relationship with CITIC and expanded its operations substantially in a move to reposition itself as a progressive, customer-centric bank while serving as a platform for the acquisition of The Hongkong Chinese Bank, Limited ("**HKCB**"). Reforms were implemented across most areas of the bank, including core business areas of retail banking, wholesale and cross-border banking, international banking and treasury, to improve the management and operating efficiency of its businesses while investment was also made in information technology infrastructure, and product enhancement and development.

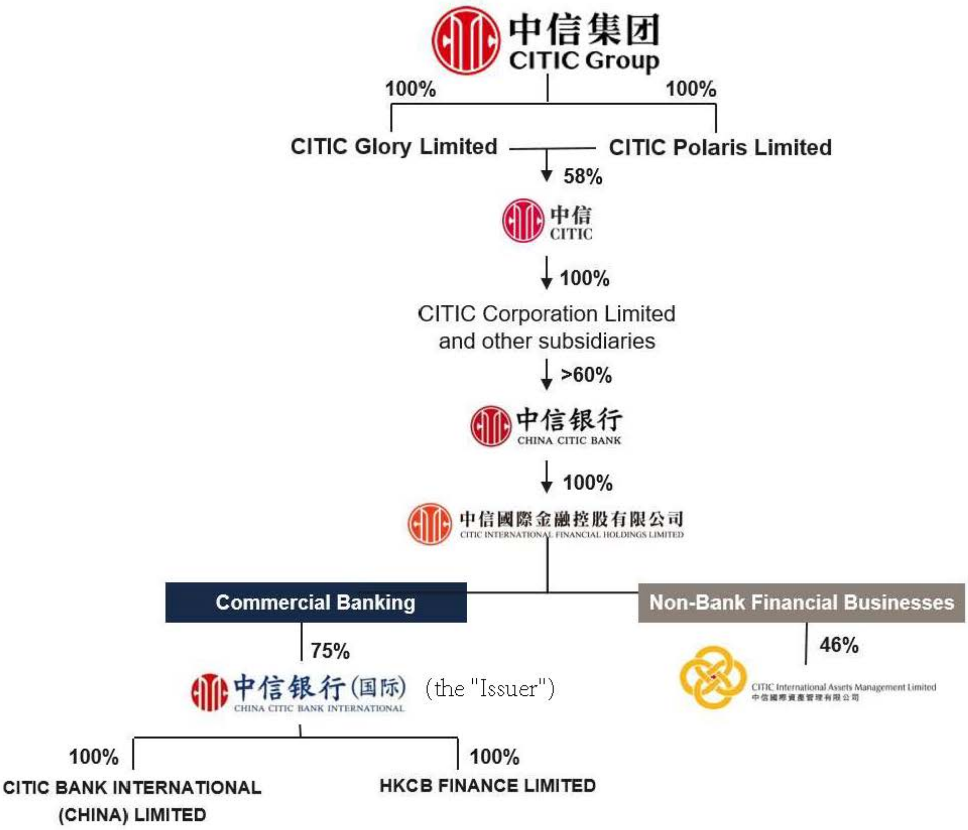
On 17 January 2002, CITIC Ka Wah Bank Limited completed the acquisition of the entire issued share capital of HKCB for an aggregate consideration of HK$4.2 billion. On 25 November 2002, the merger of CITIC Ka Wah Bank Limited and HKCB was completed after CITIC Ka Wah Bank Limited transferred most of its commercial banking assets and liabilities to HKCB and changed its name into "CITIC International Financial Holdings Limited". CIFH maintained its listing status and became the holding company of a group of reorganised banking and financial services companies. At the same time, HKCB adopted the name of CITIC Ka Wah Bank Limited and continued to operate the integrated commercial banking business of the merged entities.

On 1 March 2007, CIFH and BBVA completed a strategic alliance agreement which involved BBVA taking a 14.58 per cent. stake in CIFH. On 3 June 2008, CITIC, through Gloryshare Investments Limited, proposed to privatise CIFH by way of Scheme of Arrangement (the "Proposed Privatisation") as part of its Restructuring Strategy to align its commercial banking businesses in Hong Kong and Mainland China (See *"Principal Shareholders — CITIC International Financial Holdings Limited"*). On 16 October 2008, CIFH's independent shareholders approved the Proposed Privatisation. On 5 November 2008, CIFH was delisted from the Hong Kong Stock Exchange and on the same day, BBVA's stake in CIFH increased from 14.58 per cent. to 29.68 per cent. As part of the Restructuring Strategy, CITIC reaffirmed the role of the Bank as its exclusive vehicle for developing commercial banking business in Hong Kong and as the international commercial banking platform for business expansion in Asia for CITIC and BBVA. On 8 May 2009, CNCB announced the CIFH Acquisition which was approved at CNCB's annual general meeting held on 29 June 2009 and was completed on 23 October 2009.

On 7 May 2010, the Bank changed its name from CITIC Ka Wah Bank Limited to CITIC Bank International Limited and again on 16 November 2012 to China CITIC Bank International Limited with an aim to put further emphasis on its role as CNCB's offshore platform for pursuing business expansion in Hong Kong and internationally.

On 27 August 2015, CNCB successfully acquired the remaining 29.68 per cent. stake in CIFH from BBVA and assumed full indirect ownership of the Bank, strengthening the ties between the Bank and the parent bank for synergetic development on the full advantage of the CITIC brand.

On 15 December 2017, the Bank successfully introduced five financial investors with aggregate shareholding of 25 per cent. of the total issued share capital of the Bank. Since then, the Bank became a 75 per cent. owned subsidiary of CIFH. The following chart offers a simplified overview of the corporate structure of the Bank as at the date of this Supplement:



Strategy

Hong Kong is known across the world for its mature and highly sophisticated banking and financial services industry which has over the last two decades been characterised by intense competition posed by local and multinational financial institutions vying for opportunities from mainland China's growing prominence and the liberalisation of the country's banking industry since 2005. Major Chinese financial institutions, especially those with H-share listings in Hong Kong, have started to embrace internationalisation strategies and leverage Hong Kong as a strategic springboard for overseas expansion. Since 2006, Chinese banks have been active in acquiring Hong Kong commercial banks as a means to gain immediate access to branch networks as well as operational presence in Hong Kong and abroad. As a result, smaller local and family-owned commercial banks in Hong Kong were increasingly prone to acquisition or marginalisation.

As an integral part of CITIC's international commercial banking franchise and its Hong Kong and offshore business development platform, the Bank is positioned to compete through its business model, which underpins its close collaboration with CNCB, to offer effective and timely one-stop financial solutions to customers with cross-border banking and financial needs, and capture cross-border opportunities entailed by Hong Kong's role as an offshore RMB centre as well as business opportunities arising from the implementation of the Greater Bay Area initiatives announced by the PRC government.

In pursuit of its objective of becoming the "best integrated financial services provider" with international standards and capabilities, the Bank leverages its strategic role as the offshore commercial banking platform of CITIC in Hong Kong and overseas. The Bank's vision is to support the establishment and expansion of the CITIC international banking franchise. In order to achieve this, the Bank adopts a three-pronged approach of (i) strengthening its core business fundamentals; (ii) identifying and building new competencies that will enhance its capacity for serving customers with cross-border business and trade flows between Greater China and the rest of the world; and (iii) developing and providing cross-border RMB business and financial solutions.

The implementation of the three-pronged approach is summarised as follows:

Personal & Business Banking: Be the best integrated retail inMotion Bank

PBG is positioned to be the best integrated retail inMotion Bank, leading the peers banks to provide customer-centric and digital savvy user experience in Hong Kong and the Greater Bay Area. In order to differentiate its services and establish its unique competitive niche, the Bank has three unique customer segments including High-Net-Worth, Business Banking and Mass segment. As at 31 December 2021, these three segments in total covered over 420,000 clients with total client assets under management exceeding HK$230 billion.

PBG focuses on providing a greater diversity of innovative and tailor-made wealth management solutions to the customers and investing in digital banking services via inMotion mobile banking platform in order to spearhead Fintech transformation and expand the business scale in the Hong Kong market. In addition, PBG continues to identify and serve the cross-border wealth management needs of the growing PRC affluent customer segment, as Hong Kong establishes itself as an offshore RMB centre with the support of the PRC government.

Wholesale Banking: Position itself as "the best integrated financial services provider" for customers

WBG aims to position itself as the "the best integrated financial services provider" for Greater China and overseas corporates seeking or active in cross-border businesses and investments in the region. Since June 2014, WBG's overseas footprint has covered New York, Los Angeles, Singapore and Macau as well. Moreover, WBG has continued to deepen cooperation with CITIC Group and CNCB and has further optimised the coverage efforts for all onshore branches of CNCB. WBG has also enhanced collaboration with upstream and downstream customers of the CITIC Group to expand customer acquisitions channels.

WBG will continue to solidify its customer base by expanding the number of customers and effective customers in order to build up momentum for development. WBG's goal is to transform from a lending provider to a provider of integrated services by offering signature products, enriching its product portfolio, further building out the syndicated loans business, spearheading development of the transaction banking business, and strengthening cross-selling with TMG. Meanwhile, WBG will further optimise collaboration mechanism and continue to provide global and seamless services to its customers in order to satisfy customer demands for onshore and offshore cross-border financial services.

Treasury and Markets: Establish global markets capabilities to drive customer-related income

TMG aims to improve on its traditional role of managing the Bank's liquidity and risk exposures. It plans to develop and establish the Bank's global markets capabilities to expand its revenue sources and to meet the increasingly sophisticated demands of its customers. In particular, it aims to leverage on CNCB's foreign exchange market-making leadership in Mainland China to develop an offshore capital markets platform in Hong Kong to provide timely financial solutions to customers. It will work closely with CNCB to expand its client base and to generate more business flows by offering hedging tools such as non-deliverable currencies products and interest rate swaps, as well as structured products for yield enhancement. It will also focus on expanding its China-related businesses such as RMB-denominated trade settlement, RMB bond issuance and RMB initial public offering businesses in due course.

Awards

The Bank has received various awards and accolades for its business, management and operational excellence in addition to its contribution to the Hong Kong community.

In 2009 and 2011, CITIC*first* received a Wealth Management Service Award from local finance magazine — *Capital Weekly*. The magazine also presented the Bank another award in the RMB Banking category in 2011. The Bank's commitment to employee development was recognised by a Best Practice Financial Services — Effective Training Award from Benchmark and Best Practice Management in 2009, a Manpower Developer 1st Award from the Employees Retraining Board and Certificate of Merit in the Award for Excellence in Training and Development by the Hong Kong Management Association in 2010. Meanwhile, the Bank was presented an mtn-i Asia Pacific Landmark Deal Award from mtn-i in 2010 and 2012. In April 2012, the Bank retained the Manpower Developer 1st accreditation by the Employees Re-training Board for another two years until March 2014. In 2013, the Bank received an additional award from *Capital Weekly* in recognition of its wealth management service. In 2014, the Bank won an Outstanding e-Banking Award in the Quamnet Outstanding Enterprise Awards. In the area of corporate social responsibility, the Bank was awarded a Gold Certificate by the Social Welfare Department's Volunteer Movement for the fifth consecutive year in 2012, was named Caring Company for the 10th consecutive year in the same year by the Hong Kong Council of Social Service (the "HKCSS"), and was awarded a 10 Years Plus Caring Company Logo by HKCSS in 2014. The Bank continued to receive media plaudits and garnered several industry awards in 2015. These included a Metro Awards for Banking & Finance Corporations 2015 – Best Renminbi Investment Services Award from *Metro Daily* and *Metro Prosperity*, an Outstanding Private Banking - Diversified Business Award in the 2015 RMB Business Outstanding Awards by *Metro Finance*, *Metro Finance Digital* and *Wen Wei Po*, and a Quamnet Outstanding Enterprise Awards 2014 – Outstanding e-Banking award. The Bank was also named Company for Financial Planning Excellence of the Year 2015 at the SCMP/IFPHK Financial Planner Awards. In 2016, the Bank was presented a Hong Kong ICT Awards 2016: Best FinTech (Emerging Solutions) Certificate of Merit. The Bank was also named Metro Finance Hong Kong Leaders' Choice Awards 2016 – Excellent Brand of Private Banking and Quamnet Outstanding Enterprise Awards 2015 – Outstanding Wealth Management Bank. Moreover, the Bank received a Sky Post Banking and Finance Awards 2016 - Most Favourite Mobile Banking Service Award, and was again named Company for Financial Planning Excellence of the Year 2016 at the SCMP/IFPHK Financial Planner Awards.

In 2017, the Bank was awarded several accolades, including The Asian Banker Financial Markets Awards 2017 – Financial Markets Technology Implementation of the Year – Best Integrated Treasury and Capital Markets Platform Implementation; Metro Finance Hong Kong Leaders' Choice 2017 – Excellent Brand of Mobile Banking and Excellent Brand of Private Banking Service; Quamnet Outstanding Enterprise Awards 2016 – Outstanding Mobile Banking Services; and IFPHKA – Accredited Professional Financial Planning Firm 2017.

In 2018, the Bank received the following awards: Quamnet Outstanding Enterprise Awards 2017 – Outstanding Private Banking Service and Outstanding Wealth Management Bank; etnet FinTech Awards 2017 – Outstanding Mobile Payment Integration with Social Media Platform; Metro Finance Hong Kong Leaders' Choice Awards 2018 – Excellent Brand of Mobile Banking, Excellent Brand of Private Banking Service and Excellent Brand of Wealth Management Banking; Thomson Reuters Hong Kong FX Awards 2018 – E-FX Execution – Chinese Bank and FX Data Contribution; LinkedIn Transformation Awards 2018 Hong Kong (Bronze); the 18th Capital Outstanding Enterprise Awards – Private Bank; Shenzhen-Hong Kong Fintech Award – Shenzhen-Hong Kong Financial Collaborative Innovation Award – Second Prize; and the Caring Company Logo by the Hong Kong Council of Social Service for the 15th Consecutive Year.

In 2019, the Bank received the following awards: Metro Finance Hong Kong Leaders' Choice 2019 – Excellent Brand of Business Financial Planning Services, Excellent Brand of Mobile Banking and Excellent Brand of Private Banking Services; HKEX – OTC Derivatives Clearing Member of the Year (Cross Currency Swaps), Interest Rate Derivatives Clearing Member of the Year, FX Clearing Member of the Year; The Asset Benchmark Research's Asian G3 Bond Benchmark Review 2019 – Most Astute Investor Hong Kong (Rank 7) and Top Investment House, Commercial and Investment Bank China/Hong Kong (Rank 4); Mastercard – Most Innovative Consumer Virtual Card Program 2018/2019; Refinitiv 2019 awards – Top CNH Spot Trader and Top 5 Trading Volume in FX Spot; IDC Digital Transformation Awards – 2019 Information Visionary (Hong Kong); International Banker Awards 2019 – Best Innovation in Retail Banking China and Best Customer Service Provider of the Year (Asia); The Digital Banker's Global Retail Banking Innovation Awards 2019 – Marketing and Customer Awards: Best New Product Launch, Digital Innovation Awards: Best Digital Market Entry Strategy; Shenzhen-Hong Kong Fintech Award 2018 – Fintech Initiatives Awards (3rd Grade); The Hong Kong Institute of Bankers – Talent Development Award (Category 1); The 19th Capital Outstanding Enterprise Awards – Outstanding Deposit Service, Outstanding New Generation Banking Service, Outstanding Private Banking Service; Quamnet Outstanding Enterprise Awards 2018 – Outstanding Private Banking Service, Outstanding E Business Service 2018; etnet Fintech Awards 2018 – Outstanding Innovative Mobile Banking Service; and the Caring Company Logo by the Hong Kong Council of Social Service for the 16th Consecutive Year.

In 2020, the Bank received the following awards: Skypost Banking and Finance Awards 2020 – Excellence Award for Mobile Banking Service; Refinitiv 2020 awards – Top 5 Trading Volume in FX Spot and FX Swaps in Hong Kong, Top RMB FX Spot Trader and Entity in Hong Kong, Top G10 FX Trader in Hong Kong; Bond Connect Company – Outstanding Commercial Bank for 2019-2020; China Foreign Exchange Trade System – Best Overseas Participant Member; HKEx – Top HKD OTC Derivatives Clearing Bank and Top OTC Derivatives Clearing Member of the Year; Labour and Welfare Bureau Community Investment and Inclusion Fund's Social Capital Builder Awards 2020 – Social Capital Builder Logo Award; Hong Kong Fintech Impetus Awards 2020 organized by Metro Finance and KPMG – Innovative Banking Service (E-Banking); the 13th Hong Kong Institute of Bankers' Outstanding Financial Management Planner Awards – Top Nomination Award; the 20th Capital Outstanding Enterprise Awards – Outstanding Robo Advisory Service; Quamnet Outstanding Enterprise Awards 2019 – Outstanding Private Banking Service 2019, Outstanding E-Business Service 2019; etnet Fintech Awards 2019 – Outstanding Intelligent Personal Investment Service; 2019 HKCAMA-Bloomberg Offshore China Fund Awards – Best Digital Financial Service; Employees Retraining Board's ERB manpower Developer Award Scheme – acknowledged as Super MD; and the Caring Company Logo by the Hong Kong Council of Social Service for the 17th Consecutive Year.

In 2021, the Bank received the following awards: Skypost Banking and Finance Awards 2021 – Excellence Award for Fintech in Retail Banking; Hong Kong Ta Kung Wen Wei Media Group – Best Bank in Greater Bay Area Award; Hong Kong Ta Kung Wen Wei Media Group – Best Cross-Border Wealth Management in Greater Bay Area Award; the Hong Kong Institute of Bankers' Hong Kong Banking Industry Talent Development Awards Programme – HKIB Talent Development Award 2021; Ming Pao Awards for Excellence in Finance 2021 – Financial Services: Premier Banking Service Award for Excellence in Users Experience; Ming Pao Awards for Excellence in Finance 2021 – Financial Services: Wealth Management Service Award for Excellence in Product; Refinitiv 2021 award – 5th in RMB spot trading in Hong Kong; Bond Connect Company – Outstanding Commercial Bank for 2020-2021; The Asset Benchmark Research – ranked number two as Top Investment House in Asian bonds for 2021; the Community Chest of Hong Kong's Corporate and Employee Contribution Programme – Certificate of Appreciation; the 21st Capital Outstanding Enterprise Awards – Outstanding Private Bank; Office of the Privacy Commissioner for Personal Data, Hong Kong "Privacy Friendly Awards 2021" – Gold Certificate; etnet Fintech Awards 2020 – Outstanding Intelligent Personal Investment Service; etnet Fintech Awards 2020 – Outstanding Personal Banking Mobile App; JobsDB's Hong Kong HR Awards 2021/22 – Grand Awards of People; JobsDB's Hong Kong HR Awards 2021/22 – Employer of the Year; and the Caring Company Logo by the Hong Kong Council of Social Service for the 18th Consecutive Year.

Principal Business Activities

The Bank's operations currently comprise three main lines of business: PBG, WBG and TMG. China Banking, which was formed in early 2002 to establish and oversee the Bank's onshore network and business developments in the PRC as well as driving business and strategic collaborative efforts with CNCB, was combined with Wholesale Banking to form the Wholesale and Cross-border Banking Group in 2012.

The following table sets out the contribution to the operating income of the Group on a consolidated basis by each of the business groups of the Group for the periods indicated.

	For the years ended 31 December		
	2020	**2021**	**2021**
	HK$	*HK$*	*U.S.$*
		(in millions)	
Personal and Business Banking	2,422.2	2,797.9	358.7
Wholesale and Cross-border Banking	3,625.0	3,956.7	507.3
Treasury & Markets	943.4	1,108.7	142.1
Others(1)	365.0	332.0	42.6
Operating Income	7,355.6	8,195.3	1,050.7

Note:

(1) Others mainly comprised unallocated revenue, inter-segment revenue elimination and China banking which mainly included a subsidiary bank in China.

The following table sets out the profit before taxation from each of the business groups of the Group for the period indicated.

	For the years ended 31 December		
	2020	2021	2021
	HK$	*HK$*	*U.S.$*
		(in millions)	
Personal and Business Banking	862.5	1,139.2	146.1
Wholesale and Cross-border Banking	792.2	1,655.8	212.3
Treasury & Markets	583.5	711.0	91.2
Others[(1)]	(932.1)	(1,005.6)	(128.9)
Total profit before taxation	1,306.1	2,500.4	320.6

Note:

(1) Others mainly comprised unallocated revenue and expenses, corporate expenses, inter-segment elimination and China banking which mainly included a subsidiary bank in China.

Personal & Business Banking Group

Overview

PBG is committed to provide customer centric and digital savvy user experience in Hong Kong and the Greater Bay Area, and focuses on serving affluent individuals and small business customers in Hong Kong and the PRC. PBG is a full retail service provider and its products and services primarily comprise general banking and wealth management services for individuals, mortgage lending, consumer lending and credit cards, insurance services, as well as banking solutions for small- and medium-sized enterprises ("**SMEs**"). These are offered through a multi-channel distribution system which comprises retail branches, direct sales, automated teller machines, a 24-hour call centre, i-banking, phone banking and mobile banking.

PBG focuses on growing its non-interest income through the distribution of a wide range of wealth management products including stock trading, unit trusts, insurance products and structured products. For the year ended 31 December 2021, non-interest income amounted to HK$1,098.3 million (U.S.$140.8 million), representing 25.7 per cent. growth over 2020.

In order to enhance customer experience, PBG continues to invest in Fintech to spearhead transformation and optimize digital banking services via the Bank's mobile banking named inMotion to provide support to customers in their transition from conducting banking transactions offline to online.

In 2018, inMotion was Hong Kong's first virtual banking service app to provide truly remote account opening. Upon this success, inMotion continued to act as the pioneer in the market and launched Hong Kong's first truly virtual credit card "Motion Virtual Credit Card" in 2019. In November 2019, the Bank was then again the first bank in Hong Kong to introduce "Robo 360", which is an online financial advisory service. inMotion also introduced brand new experiences on foreign exchange services, fast payment services, 24X7 time deposit placements/renewals and 24X7 live chat services.

In March 2020, the Bank was the first bank in Hong Kong to enable its customers to open a 3-in-1 account via remote channels encompassing deposit, investment and credit card accounts. In June 2020, the Bank introduced a new money market fund investment service, providing a new investment experience with increased flexibility and convenience for customers. As at 31 December 2021, the number of inMotion users increased significantly by 63 per cent. compared to 2020 as a result of the continuous launch of new products and services to enhance customer experience.

PBG continues to innovate products and enhance customer experience to capture market opportunities and meet customer needs. In January 2021, PBG launched the "Monopoly" deposit account in cooperation with the global game and entertainment brand "Monopoly". In July 2021, PBG launched the GBA mortgage service to meet customer needs for cross-border products. In October 2021, the "GBA Wealth Management Connect" was successfully launched. The Bank is one of the first batch of banks to provide both Northbound and Southbound services.

In view of the Bank's sustained efforts to develop wealth management and cross border products and services, PBG was awarded 6 accolades in 2021:

- Hong Kong Ta Kung Wen Wei Media Group "Best Bank in Greater Bay Area Award"
- Hong Kong Ta Kung Wen Wei Media Group "Best Cross-border Wealth Management in Greater Bay Area Award"
- Ming Pao Awards for Excellence in Finance 2021 "Financial Services - Premier Banking Service Award for Excellence in Users Experience"
- Ming Pao Awards for Excellence in Finance 2021 "Financial Services - Wealth Management Service Award for Excellence in Product"
- The 21st Capital Outstanding Enterprise Awards "Outstanding Private Bank"
- Skypost Banking and Finance Awards 2021 "Excellence Award for Fintech in Retail Banking"

PBG continues to strengthen collaboration with CNCB and CITIC group companies on customer referrals and strengthen product range in order to better serve the cross-border wealth management needs of the growing mainland and Hong Kong affluent customers.

Business Portfolio

PBG is committed to remain customer-centric and digital savvy. It has a strong innovative spirit and will continue to enhance and develop new customer solutions to make banking simple and convenient for both local and cross-border customers. There are three key customer segments in PBG, comprising High-Net-Worth, Business Banking and Mass segment.

High-Net-Worth

High-net-worth segment is composed of Private Banking, CITIC*diamond* and CITIC*first* customers. PBG helps customers define and develop optimised solutions to meet their financial goals, risk-return profiles, risk tolerances level and investment preferences through comprehensive wealth management products to meet the risk diversification and yield enhancement needs of its customers.

PBG focuses on growing its high-net-worth customer base and providing more innovative and tailor-made wealth management solutions. For 2021, wealth management income increased by 28.7 per cent. year on year while the number of high-net-worth customers increased by 61.5 per cent. year on year. To cope with the business growth, PBG continues to invest in the increase of Private Banking relationship managers. In addition, two new CITIC*diamond* centres were opened at Mongkok and Causeway Bay in January and October 2021 respectively.

Business Banking

Business Banking segment focuses on servicing SMEs to provide comprehensive financial and wealth management solutions including trade finance, cash management, foreign exchange, insurance and corporate loans. Small business customers offer an excellent opportunity for cross-selling fee-based products and are important sources of interest income for the Bank. To cope with the business growth, two business banking centres have been opened at Central and Tsimshatsui.

Business Banking strengthened business scale via expanding its relationship manager team, so that it can acquire more quality customers and deepen existing customer relationships. For the year ended 31 December 2021, operating income increased by 30.8 per cent. year on year and reached a new high. Customer loan and deposit balances also registered all-time highs, up 11.2 per cent. and 16.4 per cent. respectively versus end-2020.

Mass Segment

Mass segment has the largest customer base in PBG among the three segments. PBG offers a comprehensive product suite and services including general banking and wealth management service, mortgage lending, consumer finance, deposits, credit cards and insurance to this segment. Customers can be reached through a multi-channel distribution system comprising retail branches, direct sales, automated teller machines, a 24-hour call centre, i-banking, phone banking and mobile banking. To develop this segment, PBG continues to improve the digital banking capability and enhance customer experience in order to provide support to customers for conducting banking transactions from offline to online.

Wholesale Banking Group

Overview

WBG is strategically positioned to be a full-service banking partner for Greater China and international corporates seeking, or, which is active in, cross-border businesses and investments in the PRC. It strives to offer these customers tailored and value-enhancing solutions including products and services such as account services, cash management services, bilateral loan, trade finance, structured finance, syndicated loan, as well as corporate treasury services, debt capital market products and custodian services.

Key Business and Product Areas of WBG

Corporate Banking I, II, III, IV, V. The five Corporate Banking teams were formed with the aim to better serve the banking needs of SOEs in Mainland China, privately owned PRC enterprises who are leaders in their industries, existing core and strategic customers of CNCB with cross-border needs and non-PRC companies which are predominantly doing business in Mainland China and Hong Kong. Moreover, the five teams also provide tailor-made banking solutions to major multinationals and regional corporates who are active in overseas expansion and international trade.

*Group Co-operation Office (“**GCO**”).* The GCO team is responsible for deepening cooperation with CITIC Group and CNCB and further optimise the coverage efforts for all onshore branches of CNCB. GCO also strives to enhance collaboration with upstream and downstream customers of the CITIC Group to expand customer acquisitions channels.

*Financial Institutions and Public Sector (“**FI&PS**”)*. The FI&PS team is responsible for expanding the Bank’s marketing reach to banks and non-bank financial institutions in the region and offering banking solutions to government and quasi-government departments or bodies and non-profit making organisations.

*Structured Finance (“**SF**”)*. The SF team is responsible for the origination, underwriting and distribution of syndicated and structured finance deals of the Bank. In addition, the team also specialises in commercial real estate debt financing, covering a broad range of property types.

*Transaction Banking (“**TB**”).* The TB team was set up with enhanced product management and business development capabilities in order to strengthen service professionalism for providing tailored and value-enhancing transaction banking services.

Strategic Collaboration with CNCB

As the Bank's main interface for collaboration with CNCB and other CITIC Group entities in the Mainland China market, WBG continues to promote and co-ordinate business collaboration across all business lines between the Bank and CNCB as well as other CITIC subsidiaries. A series of business cooperation initiatives have been successfully introduced, including Overseas Lending Against Mainland Guarantee, Credit Facilities Against 3-Party/ 4-Party Agreement and Back to Back FX Solution.

Other specific areas for collaboration include organising client events jointly with CNCB in promoting cross-border syndications and structured financial solutions as well as introducing a revolutionary account aggregation service to cater for the group financial management needs of CNCB's and CNCBI's mutual customers through bank to bank connectivity. The two banks will also focus on training and development, particularly in areas such as credit and risk management.

Strengthen and Expand Overseas Branches as the Offshore Business Platform for CNCB

US branches. The Bank's businesses in the United States are conducted through its two branches located in Los Angeles and New York. The US branches work closely with local enterprises and US-based corporations engaged in PRC-related businesses and aim to meet the financial needs of Chinese corporations in the United States.

Macau branch. The Bank's branch in Macau, opened in 2005, strengthens the Bank's geographic reach and serves customers in the Western Pearl River Delta region. The branch's business focuses on Hong Kong businesses which have set up offshore companies in Macau, property funds and developers, and Macau corporates. The branch provides tailor-made services in the areas of trade finance, foreign exchange, remittances, loans and deposits, and selected mortgage finance to individual borrowers.

Singapore branch. The Bank opened its Singapore branch in 2011. The Bank's Singapore branch provides wholesale banking and global markets products and services to corporate and institutional clients. The branch will increasingly capitalise on opportunities arising from the growth opportunities in the economies of countries in the region. The branch's business is focused on corporations engaged in PRC-related trade.

Treasury and Markets Group

Overview

TMG has two principal functions: one function is to undertake the role of corporate treasury under the oversight of ALCO, and the other function is to undertake the role of Global Markets in managing and developing the trading and distribution business.

Under the oversight of ALCO, TMG's corporate treasury functions include liquidity management, funding and financing in the money markets and capital markets, and the management of the Bank's trading and investment portfolios. Its objectives are to ensure the adequate supply of funds to finance the Bank's local and foreign currency business, to ensure ready access to financing through the money and capital markets, to lower the cost of funding through the use of various financial instruments and different sources of funding, and to invest the Bank's surplus liquidity in debt securities and funds according to the investment criteria set by ALCO.

The Global Markets function of TMG includes managing foreign exchange and interest rate trading risks, market-making of treasury products, and distribution of treasury solutions to the Bank's retail and wholesale customers. In order to enhance the Bank's wealth management business, TMG established its in-house product capability in structured products, and is focused on further building its distribution of wealth management products by working closely with PBG and WBG to cross-sell packaged and tailored structured solutions to the Bank's retail and corporate customers.

Liquidity, Funding and Interest Rates Risk Management

Under the supervision of ALCO, TMG is responsible for managing the funding and liquidity of the Bank. It engages in inter-bank placing and borrowing, and fulfills the Bank's long-term funding requirements by issuing debt securities in both the local and international capital markets. Derivatives are used to swap assets or liabilities to fixed rate or floating rate exposure according to strategies set by ALCO. In addition to being able to issue Notes under the Programme as described in this Supplement, the Bank also has a HK$25.0 billion (U.S.$3.2 billion) and a HK$2.0 billion (U.S.$0.3 billion) certificates of deposit issuance facility that it utilises to secure longer term funding so as to reduce the mismatch between the Group's loan and deposit maturities. The Bank aims to structure its liability mix and strengthen its long-term sources of funds by issuing certificates of deposit at regular intervals. Through public syndication and placement, as at 31 December 2021, the Bank has issued certificates of deposit in the amount of HK$1.5 billion (U.S.$0.19 billion).

Another major function of TMG is to invest the surplus liquidity of the Bank under the supervision of ALCO. The interest rate sensitivity of the portfolio is set by ALCO. Surplus liquidity of the Bank is traditionally invested in high grade and liquid fixed income securities and primarily through the Bank's fair value through other comprehensive income securities portfolio. As at 31 December 2021, this portfolio amounted to HK$103.93 billion (U.S.$13.33 billion), and was primarily invested in senior debt of, and exchange fund bills and notes issued by investment grade international financial institutions and governments. The average credit rating of the securities within the portfolio is A-rated or above. Apart from generating extra income for the Bank, this portfolio is also a source of liquidity when necessary.

Customer-driven Trading and Distribution

TMG, which serves as an offshore platform for banking businesses of CNCB, has been focusing on its Non-Deliverable Forward business for clients of CNCB who wish to hedge their onshore exposures. In July 2010, Renminbi as an offshore currency was introduced in the Hong Kong market, and deliverable products denominated in Renminbi have gradually grown popular. TMG expects customer demand for these treasury tools and solutions to continue to increase, and is focused on strengthening its structuring capabilities and service quality. TMG is also active in delivering structured products to individual investor customers through the Bank's retail banking channel.

TMG aims to develop and establish the Bank's global markets capabilities and to further develop its customer-driven trading and distribution capabilities in order to expand its revenue sources and to meet the increasingly sophisticated demands of its customers. In particular, it aims to leverage on CNCB's foreign exchange market-making leadership in Mainland China to develop timely and relevant customer solutions to capitalise on the liberalisation of RMB trade settlement between Mainland China, Hong Kong and the rest of the world.

Other Investments

The Group also invests in fixed income securities from time to time as a means to diversify its income source. The Group mainly invests in investment grade fixed income securities, with approximately 93.0 per cent. of the fixed income securities held by the Group as at 31 December 2021 being rated A-/A3 or above by Standard & Poor's Financial Service LLC or Moody's Investors Services Inc. Other than these fixed income securities, as of the date of this Supplement the Group did not have any material exposure to other types of investment, such as funds, structured investment vehicles, collateralised debt obligations and credit default swaps.

Properties

As at 31 December 2021, the Group owned properties with aggregate floor areas of approximately 37,670 square feet, 7,471 square feet and 10,003 square feet on Hong Kong Island, in Kowloon and in the New Territories, respectively. In addition, as at 31 December 2021, the Group also leased properties with aggregate floor areas of approximately 196,542 square feet, 113,911 square feet and 15,803 square feet on Hong Kong Island, in Kowloon and in the New Territories, respectively. These leased properties are used as offices, branches, business continuity sites and warehouses.

Outside of Hong Kong, as at 31 December 2021, the Group owned and leased approximately 10,268 square feet, 10,448 square feet, 7,600 square feet, 12,850 square feet and 14,161 square feet in Shanghai, Macau, Los Angeles, New York and Singapore, respectively. As at 31 December 2021, CBI (China) leased approximately 14,243 square feet and 12,914 square feet in Beijing and Shanghai, respectively as branches and 24,965 square feet in Shenzhen as the headquarters.

Insurance

The Group procured Banker's Blanket Bond, Computer Crime and Professional Indemnity Insurance to cover potential liabilities against acts including dishonesty, fraud, forgery or alteration, computer crime, internet banking exposure, breach of fiduciary duty, breach of professional duty, breach of statutory duty and misrepresentation and libel. The Bank maintains an "all risk" insurance coverage for its cash, owned properties and computers, public liability insurance and motor insurance. The Bank generally requires borrowers to obtain appropriate insurance coverage for certain types of security, such as residential premises.

The Bank has also acquired employee compensation, medical and earthquake insurance cover for the Bank's branches in Hong Kong, Macau, Singapore, New York and Los Angeles.

In addition, following the implementation of the Deposit Protection Scheme since September 2006, the Bank is required to pay contributions to the Hong Kong Deposit Protection Board to provide customer deposit protection for its customers.

Systems and Controls

The Bank operates in a highly regulated environment and continually enhances its operational risk management systems and controls to understand its risk profile. The Bank's operational risk management encompasses identifying risks; measuring and assessing exposures to those risks (where possible); monitoring exposures and corresponding capital needs on an ongoing basis; taking steps to control or mitigate exposures; and reporting to senior management and the board of directors on the Bank's risk exposures.

From a governance perspective, the Bank relies on the three lines of defence model as the foundation of an effective operational risk management framework to ensure clear responsibility and accountability and to promote a sound culture across the Bank. The Bank's Operational Risk Management Committee (the "**ORMC**"), which is chaired by the Chief Risk Officer convenes on a regular basis. Among other duties, the ORMC monitors, reviews and evaluates the effectiveness of the Bank's operational risk framework and operational risk profile.

Internal controls are typically embedded in the Bank's day-to-day business and are designed to ensure, to the extent possible, that the Bank's activities are efficient and effective; that information is reliable, timely and complete; and that the Bank is compliant with applicable laws and regulations.

Litigation

The Group is not currently involved in any material litigation or other adversarial proceedings which is expected to have a significant impact on the Group and the Group is not aware of any circumstances under which any of the same is pending or threatened. See "*The Bank may be adversely affected by allegations made against it by its customers and/or its regulators*".

Intellectual Property

The Group relies on domain name registrations to establish and protect its internet domain names. The Group has registered more than 400 internet domain names in various jurisdictions for its current operations.

Employees

As at 31 December 2021, the Group, on a consolidated basis had a total of 2,475 employees as set forth in the following table.

	No. of Employees
PBG, WBG and TMG	1,267
Head office and operational support	891

Overseas (Mainland China, Macau, Singapore and the United States)		317
	Total:	2,475

As at 31 December 2021, approximately 30 per cent. of the Group's employees, on a consolidated basis, performed supervisory and management functions, while the remaining 70 per cent. performed business and operational support functions.

The Group places high priority on its ongoing efforts to attract, motivate and retain talent through a combination of prudent people management practices, professional development opportunities, employee recognition programmes, employee wellbeing, sports and recreation programmes, and market-aligned compensation schemes. Emphasis is also placed on performance management, with variable rewards linked to results through differentiation and levelling.

At the same time, training and development remain at the core of the Group's talent development and retention strategy. The Group's staff force received an average of 6.7 training days during the year of 2021, covering business, technical, leadership, managerial, and personal effectiveness training as well as attainment of professional qualifications.

The Group strives to provide a caring and pleasant work environment to its employees. None of the Group's employees are members of a trade union. The Group provides staff housing loans, staff preferential pricing, as well as life, personal accident and medical insurance benefits for its employees. The Group maintains a Mandatory Provident Fund Scheme as well as an ORSO Provident Fund Scheme (The China CITIC Bank International Provident Fund) for its employees.

Competition

The Hong Kong banking industry is well developed and the Group faces intense competition from many other Hong Kong banks as well as PRC and international banks. In particular, the banking and financial services industry in Hong Kong is a mature market, and as at 28 February 2022, supported 31 Hong Kong incorporated licensed banks and 128 licensed banks incorporated outside Hong Kong competing for a customer population of over 7.4 million people. Therefore, many of the international and local banks and niche players operating in Hong Kong compete for substantially the same customers as the Group. In 2019, the HKMA granted eight new virtual banking licences in order to facilitate financial innovation, which enhanced customer experience and financial inclusion. Since then, the virtual banks have initiated business operations and have brought about heightened competition within the banking industry in Hong Kong.

With the PRC's growing economic strength and the liberalisation of the PRC banking industry since 2005, major PRC financial institutions, especially those with H-share listings in Hong Kong, have started to embrace internationalisation strategies that leverage Hong Kong as a strategic platform for overseas expansion. Since 2006, PRC banks have been active in acquiring Hong Kong commercial banks to gain immediate access to branch networks as well as operational presence in Hong Kong and overseas. As a result, smaller local and family-owned commercial banks in Hong Kong are increasingly vulnerable to becoming acquisition targets or face the risk of being marginalised.

The intensity of competition in the past few years has had an adverse impact on the pricing of certain products.

In recent years, competition among banks in Hong Kong for investment and insurance products, home mortgage loans, credit cards, personal loans and lending businesses has become intense.

Since 2000, many banks in Hong Kong, including the Bank, have lowered interest rates charged on new-home mortgage loans not guaranteed by the HKSAR Government. Despite a slight increase in such interest rates in 2008, competition in the mortgage loans market remains intense. In 2011, with interest rates at an extremely low level, a significant portion of new-home mortgage loans charged by banks in Hong Kong was HIBOR based. As at 31 December 2021, the standard rate the Bank charged on its new-home mortgage loans was 2.75 per cent. below the prime lending rate or 140 basis points above HIBOR.

As a result of the intensified competition among banks, the Bank has experienced downward pressure on its profit margins in recent years. To counter the effects of increased competition, the Bank has actively pursued a strategy of diversifying its income sources by focusing on increasing its fee-based income, introducing innovative products and, at the same time, improving the cost efficiency of its operations. See "*Investment Considerations — Considerations relating to the Group — The Group is subject to significant competition*".

Principal Subsidiaries

The Bank's subsidiaries are involved in the provision of general banking and other financial services. Details of the Bank's principal subsidiaries and its effective equity interest in each, as at 31 December 2021, are set out below.

Name of Company	**Place of incorporation /operation**	**Per cent. of shares held**	**Principal activities**	**Issued ordinary share capital**
Subsidiary				
Carford International Limited	Hong Kong	100	Property holding	HK$2
CITIC Bank International (China) Limited	People's Republic of China	100	Banking	RMB1,000,000,000
CITIC Insurance Brokers Limited...........	Hong Kong	100	Insurance broker	HK$5,000,000
CNCBI Investment Holdings Limited	Hong Kong	100	Investment holding	HK$511,000,000
HKCB Finance Limited	Hong Kong	100	Consumer financing	HK$200,000,000
The Hongkong Chinese Bank (Nominees) Limited	Hong Kong	100	Nominee services	HK$5,000
The Ka Wah Bank (Trustee) Limited.......	Hong Kong	100	Trustee services	HK$3,000,000
CNCBI Asset Management Limited.........	Hong Kong	100	Asset management	HK$60,000,000

SELECTED STATISTICAL AND OTHER INFORMATION RELATING TO THE GROUP

The section headed "Selected Statistical and Other Information Relating to the Group" on pages 120 to 129 of the Offering Circular shall be deleted in its entirety and replaced with the following:

Loan Portfolio

Overview

As at 31 December 2021, the Group's total loans to customers were HK$242,667.0 million (U.S.$31,112.7 million) which represented 58.1 per cent. of its total assets. Home mortgage loans and loans for property investment represented 15.6 per cent. of the Group's total loans to customers as at 31 December 2021.

The table below sets forth a summary of the Group's loans by sector as at the dates indicated.

Loans and advances to customers analysed by industry sectors

The following economic sector analysis as at the dates indicated are based on categories and definitions used by the HKMA.

	As at 31 December 2020			As at 31 December 2021		
	Gross loans and advances to customers		Percentage of total	Gross loans and advances to customers		Percentage of total
	HK$	*U.S.$*		*HK$*	*U.S.$*	
	(in millions)	*(in millions)*		*(in millions)*	*(in millions)*	
Industrial, commercial and financial						
—Property development..............	11,268.4	1,444.7	5.1	8,951.2	1,147.6	3.7%
—Property investment.................	13,460.6	1,725.8	6.1	15,064.3	1,931.4	6.2%
—Financial concerns.	12,699.0	1,628.2	5.8	14,866.6	1,906.1	6.1%
—Stockbrokers	4,044.3	518.5	1.8	4,616.4	591.9	1.9%
—Wholesale and retail trade	9,618.8	1,233.2	4.4	8,814.0	1,130.1	3.6%
—Manufacturing.	9,762.1	1,251.6	4.4	6,149.7	788.5	2.5%
—Transport and transport equipment	3,326.4	426.5	1.5	2,207.2	283.0	0.9%
—Recreational activities	1,891.5	242.5	0.9	1,396.5	179.0	0.6%
—Information technology	6,759.4	866.6	3.1	4,141.0	530.9	1.7%
—Others[(1)].	12,454.4	1,596.8	5.7	12,106.1	1,552.1	5.0%
Individuals						
—Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme......	25.4	3.3	0.0	18.7	2.4	0.0
—Loans for the purchase of other residential properties	21,168.7	2,714.1	9.6	22,708.4	2,911.5	9.4

—Credit card advances	434.6	55.7	0.2	634.4	81.3	0.3
—Others[2]	16,152.9	2,071.0	7.3	19,463.9	2,495.5	8.0
Gross loans and advances for use in Hong Kong	123,066.5	15,778.6	55.9	121,138.4	15,531.4	49.9
Trade finance.	5,441.5	697.7	2.5	6,628.7	849.9	2.7
Gross loans and advances for use outside Hong Kong[3]	91,588.4	11,742.7	41.6	114,899,9	14,731.5	47.4
Gross loans and advances to customers	220,096.4	28,218.9	100.0	242,667.0	31,112.7	100.0

Notes:

(1) "Others" includes loans which are used to finance the general working capital of conglomerates including conglomerates in the hotel, retail, import and export, civil engineering, gas and electricity industries.

(2) "Others" includes personal loans, tax loans and loans for the purchase of commercial and industrial properties.

(3) This refers to loans to customers with a principal place of business outside Hong Kong

Geographical concentration

A significant proportion of the Group's loans to customers are advanced to PRC entities, which are identified by those borrowers that are domiciled in the PRC, or are guaranteed by entities domiciled in the PRC and thus have risk transferred to PRC country risk. As at 31 December 2021, Mainland China-related loans accounted for 21.0 per cent. of the Group's total loans to customers. See "— *Asset Quality*".

The table below sets forth a summary of the Group's loans to customers by geographical location as at the dates indicated.

	As at 31 December 2020			**As at 31 December 2021**		
	Gross loans and advances to customers		**Percentage of total**	**Gross loans and advances to customers**		**Percentage of total**
	HK$ *(in millions)*	*U.S.$* *(in millions)*		*HK$* *(in millions)*	*U.S.$* *(in millions)*	
Hong Kong	134,288.1	17,217.3	61.0	164,317.8	21,067.5	67.7
Mainland China	49,682.0	6,369.8	22.6	51,062.2	6,546.8	21.0
United States	9,276.2	1,189.3	4.2	9,380.7	1,202.7	3.9
Singapore	4,693.7	601.8	2.1	5,425.3	695.6	2.2
Others[2].	22,156.4	2,840.7	10.1	12,481.0	1,600.2	5.2
Total	220,096.4	28,218.9	100.0	242,667.0	31,112.7	100.0

Notes:

(1) The geographical breakdown is classified by the location of the counterparties after taking into account the transfer of risk and therefore, where a claim guaranteed by a party is situated in a country different from the counterparty, risk will be transferred to the country of the guarantor.

(2) "Others" includes Bermuda, British Virgin Islands, the United Kingdom, the Cayman Islands, Macau, Taiwan and the United Arab Emirates.

Customer loan concentration

The Banking (Exposure Limits) Rules generally prohibits any bank incorporated in Hong Kong from maintaining a financial exposure to any single person or group of connected persons in excess of 25.0 per cent. of its Tier 1 capital base. For a discussion of financial exposure, see "Regulation and Supervision — Principal Obligations of Authorised Institutions — Financial exposure to any one customer". As at 31 December 2021, the Group's 20 largest borrowers (including groups of individuals and companies) accounted for HK$53,591.8 million (U.S.$6,871.1 million. As at 31 December 2021, the Group's five largest borrowers (including groups of individuals and companies) accounted for HK$20,825.3 million (U.S.$2,670.0 million) with the largest borrower accounting for HK$5,655.3 million (U.S.$725.1 million) or 12.2 per cent. of the Group's Tier 1 capital base. As at 31 December 2021, 17.6 per cent. of the total loans to customers was represented by outstanding loans to individual borrowers of HK$42,825.4 million (U.S.$5,490.7 million).

Loan analysis

A significant proportion of the Group's loans are advanced for the purchase of residential property. 11.7 per cent. and 12.6 per cent. of total loans to customers had a remaining maturity of more than five years as at 31 December 2020 and 31 December 2021, respectively. The following table sets forth a summary of the Group's total loans to customers by remaining maturity as at the dates indicated.

	As at 31 December 2020			As at 31 December 2021		
	Gross loans and advances to customers		**Percentage of total**	**Gross loans and advances to customers**		**Percentage of total**
	HK$	*U.S.$*		*HK$*	*U.S.$*	
	(in millions)			*(in millions)*		
Repayable on demand	1,171.8	150.2	0.5	1,447.9	185.6	0.6
Three months or less but not repayable on demand.	41,275.3	5,292.0	18.8	39,790.0	5,101.5	16.4
One year or less but over three months.	69,907.2	8,962.9	31.8	76,906.1	9,860.3	31.7
Five years or less but over one year .	77,563.2	9,944.5	35.2	91,414.5	11,720.4	37.7
After five years.................................	25,809.6	3,309.1	11.7	30,523.0	3,913.4	12.5
Undated(1)	4,369.3	560.2	2.0	2,585.5	331.5	1.1
Total:...	220,096.4	28,218.9	100.0	242,667.0	31,112.7	100.0

Note:

(1) This refers to loans whose repayments are overdue for more than one month and impaired loans.

The Group's interest rate for home mortgage loans and commercial mortgage loans in Hong Kong typically ranges from 2.75 per cent. below the Hong Kong prime lending rate to 1.40 per cent. above HIBOR. The Group's interest rate for Hong Kong dollar consumer finance or personal loan products (other than overdrafts) is generally calculated on the initial principal amounts of such loans and typically ranges from 0.065 per cent. to 1.6 per cent. per month and for overdrafts may be as high as 3.250 per cent. above the prime lending rate. The Group's interest rates for Hong Kong dollar hire purchase and equipment leasing loans are with floating rates or at prime lending rates. Trade finance loans made by the Group are typically with floating rates. The interest rate for project finance loans and syndicated loans made by the Group is typically a margin over the HIBOR or, in the case of US dollar facilities, a margin over the London inter-bank offering rate. The Group may, in appropriate circumstances, offer rates which are lower than the above rates. As at 31 December 2021, 50.4 per cent. of total loans to customers made by the Group was denominated in Hong Kong dollars while the remainder was denominated primarily in US dollars.

An important component of the Group's asset and liability policy is its management of interest rate risk, which is the relationship between market interest rates and the Group's interest rates on its interest-earning assets and interest-bearing liabilities. See "*— Asset and Liability Management*".

Home mortgage loans are generally secured by a first legal charge over the underlying property. Working capital loans for businesses are typically secured by fixed and floating charges over land, buildings, machinery, inventory and receivables. Term loans for specific projects or developments are typically secured against the underlying project's assets and its receivables, while the sponsors or shareholders typically provide additional guarantees. The Group also receives guarantees in relation to certain of its other loans to cover, in the case of trade finance, any shortfall in security or, in the case of consumer loans to younger or less financially secure customers, to provide security on what are normally unsecured loans.

All forms of security taken as collateral against credit facilities are monitored by the respective departments which extended the loans. Collateral in the form of property is typically valued by an independent valuer at the origination of the loan. With the exception of home mortgage loans, which are not subject to regular reviews, collateral is generally reviewed on an annual basis by the department which extended the loan.

Credit Policies and Approval Procedures

Internal policies and procedures

The Bank's lending policies have been formulated in line with international standards and industry best practice as well as with close reference to the Banking Ordinance, Banking (Exposure Limits) Rules, HKMA guidelines and policies of the Hong Kong Association of Banks and other statutory requirements (and in the case of overseas branches and subsidiaries, the relevant local laws and regulations).

The Group has set limits on the Group's banking operations, reinforced the management of operational risks, including risk analysis for new products, and adopted a system for measuring foreign currency derivatives. The Bank has also enhanced its credit review process with the implementation of a total exposure limit system that enforces maximum exposure limits by business groups. With an independent credit management unit in each of the Group's main lines of business, credit origination and approval functions are separated, enabling independent credit evaluation. Loan application and credit reports are standardised. The Bank has control procedures in credit approval and exposure monitoring for new business areas, such as setting up of approval criteria, authorisation procedures, provisioning policy and portfolio quality tracking were also put in place. The Group has also developed a risk based pricing tool based on facility rating and capital consumption. The tool is being used at the point of credit application to assess the profitability of the deals from a risk perspective for the WBG portfolio.

Within the Group, the credit risk management function is centralised and is governed by the CRMC at Board level of the Bank, see "*Credit and Risk Management Committee*". The CRMC defines and delegates the approval authority to three credit related functional committees: the Credit Committee, the Non-Performing Loans Committee (the "**NPL Committee**") and the Investment Review Committee, which focus on different aspects of the credit risk management function of the Group. These three committees comprise the Chief Risk Officer of the Bank and other members of senior management. The Credit Committee has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's loan portfolio. The NPL Committee controls and manages all critical credits and approves loan impairments. The Investment Review Committee manages and monitors the risks (including credit risk) of the investment portfolio of the Group.

Under the oversight of the Credit Committee, officers of the Bank are authorised to approve credit based on the size of the loan, the collateral provided and the credit standing of the applicant. In order to improve efficiency and allow the Credit Committee to be more focused on appraising and approving larger and more complicated credits, the lending authority matrix empowers experienced and skilled managers with the responsibility for appraising and approving transactions that are of a lower risk profile and with a lower expected loss.

For its corporate commercial loans and trade finance loans, the Bank has instituted an internal credit scoring system which grades the creditworthiness of a potential borrower based upon a set of expert judgment risk factors together with comprehensive financial analysis and scoring criteria. The credit scoring system comprise a 24-grade internal risk rating system. The credit score given to a potential borrower and related obligors will help determine whether the Bank will extend credit to such borrower, the size of the loan facility, the pricing on the loan and whether collateral will be required. See "— *Asset Quality — Loan classification*".

For the Group's retail banking loans, such as credit cards and personal loans, the Bank has established well-defined credit granting criteria within a clear indication of the target market and a thorough understanding of the borrower's source of repayment. Borrowers' creditworthiness is assessed through prescribed acceptance criteria and underwriting formula against different customer segments, based on their risk profile, credit history and repayment ability. Borrower's external credit rating, financial obligation and credit history would be assessed through Credit Reference Agencies for subsequent lending decisions.

The Group has established loan-to-value ratio requirements for its secured lending based on the appraised market value of the relevant collateral. Loan-to-value ratios on home mortgage loans (excluding loans under the Home Ownership Scheme and Private Sector Participation Scheme and loans under the new mortgage refinancing scheme) directly follow the limits stipulated in the HKMA guidelines depending on the property type, the property price, the repayment source and the debt servicing ratio. Underlying property values are based on the lower of the purchase price or the independently appraised value of the property. The Group's lending policies also limit the maximum monthly repayment amount as a percentage of the gross household income of a borrower in accordance with the HKMA guidelines.

Risk Management Group

The Risk Management Group is responsible for: (i) credit policy formulation; (ii) credit evaluation; (iii) authorisation and approval; (iv) compliance with credit policies and approval conditions; and (v) exposure control. The Risk Management Group's key objectives are to evaluate new credit applications and review existing accounts to ensure sound credit and robust asset quality monitoring. When loans are graded sub-standard or below by the Group, such loans will generally be transferred to the Risk Assets Management of Corporate Credit Risk (the "**RAM**") which will institute the appropriate debt recovery actions.

In addition to credit risk management, the Risk Management Group is also responsible for the management of market risk, interest rate risk in banking book, liquidity risk, operational risks and fair value.

Asset Quality

Overview

The Group's classified loans accounted for HK$2,254.2 million (U.S.$289.0 million) as at 31 December 2021, representing 0.93 per cent. of the Group's total loans to customers.

The Bank's residential mortgage delinquency ratio was 0.06 per cent. as at 31 December 2021, which was at similar level with the industry average as announced by the HKMA. As at the date of this Supplement, the Bank has a credit rating of "BBB+" from Fitch Ratings and a credit rating "A3" from Moody's.

The Group's PRC exposure accounted for 21.0 per cent. of the Group's total loans to customers as at 31 December 2021. PRC-related non-performing loans as a percentage of the Group's total non-performing loans as at 31 December 2021 is 13.0 per cent..

The performance of the Hong Kong economy is heavily dependent on the property sector. The Group's property lending accounted for 19.3 per cent. of the Group's total loans to customers as at 31 December 2021. As a result, the Group's asset quality is closely correlated to the industry performance of the property markets. As at 31 December 2021, home mortgage loans accounted for HK$22,727.1 million (U.S.$2,913.9 million) or 9.4 per cent. of the Group's total loans to customers. Home mortgage loans accounted for one of the largest segments of the Group's total loans to customers. See

"*Risk Factors — Considerations relating to the Group — The Group has significant exposure to the Hong Kong property market*".

RAM is responsible for resolving the Group's exposure to non-performing loans and improving the Group's recovery on such non-performing loans. In general, loans are transferred to RAM once they have been classified as sub-standard or below.

Loan classification

In 2005, the Group developed a judgment-based risk rating system which is used to rank borrowers of the Bank's wholesale banking portfolio based on their default risk. In 2017, the Group adopted a new and more granular 24-grade internal risk rating system that maps to external agencies' Master Scales, providing calibrated internal rating. This model was developed to assess the creditworthiness of borrowers of the performing customers; the output from the model will then be taken into consideration in the HKMA loan classification.

The rating system can provide information on the borrower's credit quality and allow credit grade migration, monitoring and analysis. It provides significant value-added benefits to the Bank's strategic and business decision-making process in terms of asset allocation and portfolio management of credit grades distribution.

The Group's credit grading classifies loans into the following 24 categories:

- Grades 01 to 18 — pass;
- Grade 19 to 21 — special mention; and
- Grades 22 to 24 — classified loans.

A borrower risk rating estimates the borrower's default risk. It is used to classify borrowers into different risk categories according to their level of default risk mapped against default experience. Borrower risk ratings should provide a meaningful risk differentiation and should be calibrated to the borrower's Probability of Default ("**PD**"). The structure of the master rating scale is specified with a PD range for each grade. Each internal grade reflects the likelihood that a borrower will default.

Recognition of classified loans

The Group's classified loans are sub-divided into three categories: sub-standard (Grade 22), doubtful (Grade 23) and loss (Grade 24). A key driver for determining a loan classification is the number of overdue days. For the WBG and PBG Business Banking portfolio, sub-standard loans are loans overdue for 91 to 180 days, doubtful loans are loans overdue for over 180 days and loss loans are loans with remote collectability. For the PBG personal loan portfolio, a more stringent classification is adopted; sub-standard loans are loans overdue for 91 to 120 days, doubtful loans are loans overdue for 121 to 180 days and loss loans are loans overdue for over 180 days or with remote collectability. The Group would only consider not downgrading a loan in accordance with the overdue days when there is good justification that is in line with the guidance of the HKMA. Even when there is no overdue day, the Group may still consider downgrading a loan as sub-standard, doubtful or loss loans if there are severe trigger events such as liquidation, bankruptcy, winding-up, receivership and proven management fraud. The terms "classified loans", "impaired loans" and "non-performing loans" are used synonymously in this Supplement and refer to loans that are classified as sub-standard, doubtful and loss.

Impairment of loans and receivables

Commencing 1 January 2018, the HKFRS 9 was adopted for impairment assessment. The stage 1 and 2 impairment assessment to performing loans whereas the stage 3 impairment assessment is applied to non-performing loans. ECL allowances are measured at amounts equal to either: (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk ("**SICR**") since initial recognition. The calculation of ECL allowances is based on the expected value of probability-weighted scenarios with a combination of upside, base and downside scenario(s) to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Group expects to receive. The calculation of ECL allowances for Stage 3 is based on probability-weighted recovery amount from an impaired financial asset and is determined by evaluating a range of possible outcomes and time value of money.

Top ten non-performing loans

As at 31 December 2021, the Group's ten largest non-performing loans accounted for 0.7 per cent. of its total loans to customers and 75.9 per cent. of its gross non-performing loans to customers. As at 31 December 2021, the Group's exposure from its ten largest non-performing loans amounted to approximately HK$1,711.1 million (U.S.$219.4 million) in the aggregate out of HK$2,254.2 million (U.S.$289.0 million) of non-performing loans in total, of which the Hong Kong exposure accounted for approximately 86.7 per cent., the PRC exposure accounted for approximately 13.0 per cent., and exposure to others accounted for approximately 0.3 per cent.

Recovery of non-performing and classified loans

RAM is responsible for managing non-performing loans that are transferred from WBG and other business units in the Bank. Accounts that are transferred to RAM are reviewed and monitored on an ongoing basis and, depending on the performance of the account, RAM may recommend the restoring of the loan to normal status, the restructuring of the loan or the commencement of debt collection or asset recovery procedures.

RAM adopts a systematic and flexible approach towards the recovery of non-performing and classified loans through means such as enforcement of security, debt restructuring, asset swaps and settlement. In certain circumstances, particularly in relation to PRC-related loans, RAM may conduct asset-for-debt swaps and accept assets such as equity interests in PRC businesses and land for residential or commercial development in the PRC. Where appropriate, risks and problems associated with transfer of legal title are managed with the advice of PRC legal advisers.

Even after a non-performing loan has been written off, RAM will continue its recovery efforts until it is satisfied that all recovery efforts have been exhausted, in which case it will recommend the closing of the account.

The Group's classified loans are resolved on a case-by-case basis, subject to the approval of the NPL Committee on the restructured limits and recovery measures. Loans are generally considered for restructuring where there has been a deterioration in the financial position or repayment capability of a customer. For the year ended 31 December 2021, the Group resolved a total of HK$3,718.9 million (U.S.$476.8 million) of classified loans, as a result the total impaired loan was HK$2,254.2 million (U.S.$289.0 million) as at 31 December 2021, equating to 0.9 per cent. of all loans. For the year ended 31 December 2020, the Group resolved a total of HK$4,694.0 million (U.S.$601.8 million) of classified loans, as a result the total impaired loan was HK$3,631.2 million (U.S.$465.6 million) as at 31 December 2020, equating to 1.6 per cent. of all loans.

Asset and Liability Committee

ALCO comprises senior management of the Bank, including the President & Chief Executive Officer, Chief Financial Officer, Treasurer, Head of Central Treasury Unit, Head of Trading, Deputy Head of Wholesale Banking Group, Head of Personal and Business Banking Group, Chief Risk Officer, Head of Market Risk and Liquidity Modeling, and Head of Asset and Liability Management and Capital Management.

ALCO is established by the Chief Executive Officer and ratified by the CRMC as the governing body responsible for formulating and implementing policies, strategies, guidelines and limit structures. It also identifies, measures and monitors the Group's liquidity risk profile to ensure current and future funding requirements are met. In addition, the ALCO monitors a set of risk indicators for liquidity risk. ALCO meets on a bi-weekly basis or less frequently, if appropriate, but at least once a month under any circumstances. TMG is responsible for the daily management of the discretionary portion of the Bank's assets and liabilities within the approved internal limits, including repricing gap limits.

The Bank measures the interest rate risk of the banking book by conducting a sensitivity analysis of the interest rate exposure on a quarterly basis. The sensitivity analysis on the potential impacts of movements in interest rates on the Bank's earnings and economic value are assessed based on the HKMA SPM IR-1 defined multi-sets of new interest rate scenario and interest rate volatility scenario requirements.

The Bank's liquidity structure, derived from its assets, liabilities and contingent commitments, is managed so as to ensure that all of the Bank's operations can meet their funding requirements and comply with the statutory liquidity requirements. The liquidity risk is well managed by holding sufficient cash and liquid positions as well as a pool of high quality liquid assets. Access to inter-bank borrowing is maintained through sufficient counterparty money market as well as repurchase facilities. Moreover, the Bank also solicits longer term funding through regular issuance of medium-term certificates of deposit.

Daily liquidity management is managed by the Central Treasury Unit to monitor funding requirements. This unit is supported by other functional departments including the Financial Management Group and the Risk Management Group, which monitor the liquidity risk and provide regular reports to the management, committees and local regulatory bodies. The average liquidity coverage ratio was 239 per cent. for the year ended 31 December 2021, which was well above the statutory minimum ratios of 100 per cent..

The majority of the Bank's loans are made at floating rates that are benchmarked against the inter-bank rates and prime lending rate. These assets are primarily funded by floating rate liabilities, including customer deposits and certificates of deposit. The interest rate risk, basis risk and liquidity risk of the Bank's assets and liabilities are continuously monitored by ALCO and if necessary, ALCO may direct the Bank's management to take necessary action to mitigate these risks, such as using interest rate swaps to hedge against rises in interest rates.

Credit and Risk Management Committee

The CRMC was established in 2002 at the Board level of the Bank to oversee and manage the Bank's risk related matters including but not limited to, the risk strategy, appetite/tolerance, profile, policies (including key risk procedures), fair value practices, capital adequacy and risk culture, systems and various risk-related initiatives and projects. The risks concerned primarily include credit, market, interest rate, liquidity, operational, reputation, legal, compliance, financial crime compliance, strategic and any risks associated with entering new markets, new areas of business, or dealing in new products or services. The CRMC is also responsible for approving matters relating to Internal Capital Adequacy Assessment Process, and the Reverse Stress Testing methodology and results, and endorsing the recovery planning document before reporting to the Board for approval on an annual basis. The CRMC carries out its oversight function on the Bank's risk management through various committees at the Bank's management level, including: Credit Committee, Investment Review Committee, NPL Committee, ALCO, Operational Risk Management Committee, Market Risk Committee, Compliance and AML Committee, New Product Committee, and Management Committee. The CRMC comprises five Directors of the Bank, including three Independent Non-executive Directors.

Market Risk Committee

Market Risk Committee ("**MRC**") was established by the CRMC of the Bank's Board to manage and monitor the market risk and fair value related matters of the Bank including its branches and subsidiaries.

MRC is chaired by the Chief Risk Offer ("**CRO**") from Risk Management Group, with the participation of senior management of the Bank, including President & Chief Executive Officer ("**CEO**"), senior representatives from Treasury and Global Markets, Chief Financial Officer, senior representatives from Finance Management Group and senior representatives from Risk Management Group.

MRC provides oversight on the Bank's operations related to market risk. It has the authority to direct the Bank's management in the setting of strategies related to market risk. It manages market risks of the Bank within acceptable level in a manner consistent with the overall goals of the Bank. It sets and reviews commensurate limits to monitor the Bank's market risk. It has the authority to disapprove or suspend any product or activity proposed or conducted by the Bank if it deems they are not in sync with the Bank's approved objective, strategy and business plans, or if the risk level present is unacceptable, or if management fails to institute an effective risk management mechanism for such product or activity.

MRC also provides oversight in relation to financial instruments fair value governance and operations, and escalates significant valuation issues to CRMC to ensure awareness of major matters related to fair value governance and regulations.

Internal Auditing

The Internal Audit Group of the Bank has responsibility for the internal audit of its operations. Through regular audits of the Bank and its subsidiaries, the Internal Audit Group seeks to review and evaluate the adequacy and effectiveness of internal controls, safeguard its assets, improve efficiency of operations and assess compliance with established policies, procedures and relevant statutory requirements. The Internal Audit Group reports its findings to the Chairman of the Board and the Chief Executive Officer of the Bank as well as the relevant subsidiaries and departments of the Bank. All major findings are reported to the Audit Committee designed by the Board on a monthly basis. Such findings are also shared with the Bank's external auditors and can also be made available to the HKMA on request.

Legal and Compliance

The Legal and Compliance Department within the Controls and Compliance Group is responsible for administering legal issues and regulatory compliance issues concerning the Bank's business. The Legal and Compliance Department also reviews new products and business proposals from the legal perspective and compliance perspective. Another key function of the Bank's Controls and Compliance Group is to conduct periodic reviews of certain of the Bank's activities, advise senior management in accordance with applicable laws, rules and regulations and raise compliance awareness among staff members. The General Compliance Policy, which is updated regularly, was first issued to all staff members of the Bank in November 2001 and regular training sessions are conducted to update them on any significant legal and regulatory changes relevant to the operations of the Bank.

MANAGEMENT

The section headed "Management" on pages 130 to 134 of the Offering Circular shall be deleted in its entirety and replaced with the following:

The Bank is managed by the Board, which is responsible for the direction and management of the Bank. The articles of association of the Bank does not contain any provision about the minimum or maximum number of directors of the Bank. Directors can be appointed at any time either by the shareholders or by the Board. At each annual general meeting, all Directors are required to retire from office by rotation and are eligible at the same meeting for re-election.

The aggregate emoluments, consisting of fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions, of the Directors for the year ended 31 December 2021 was HK$56.8 million (U.S.$7.3 million).

Board of Directors

The current Board comprises the following individuals:

Name	Age	Title
YANG Yu	60	Chairman
BI Mingqiang	52	President & Chief Executive Officer
KAN NG Chau Yuk Helen	61	Deputy Chief Executive Officer
BAI Lijun	42	Deputy Chief Executive Officer
TANG Nai Pan	61	Deputy Chief Executive Officer
FANG Heying	56	Non-executive Director
GUO Danghuai	58	Non-executive Director
HU Gang	55	Non-executive Director
LI Shuk Yin Edwina	60	Independent Non-executive Director
TANG Shisheng.	66	Independent Non-executive Director
TSANG King Suen Katherine	65	Independent Non-executive Director
WANG Guoliang	70	Independent Non-executive Director
WU Jiesi	71	Independent Non-executive Director

Mr. Yang Yu

(Chairman)

Appointed Director of the Bank on 26 August 2020 and further elected Chairman on 22 September 2020. Mr. Yang is currently a Director and the Chief Executive Officer of CIFH. He is also the chairman of CITIC International Assets Management Limited, and a Director of KWB International Limited. Mr. Yang had been a Party committee member and vice president of CNCB from 2015 to 2020. Prior to joining CNCB, Mr. Yang had been the Party secretary and president of China Construction Bank Limited ("**CCB**") Jiangsu Branch from March 2011 to June 2015 and the Party secretary and president of CCB Hebei Branch from July 2006 to February 2011. Between August 1982 to June 2006, Mr. Yang worked at CCB Henan Branch, holding various positions including deputy head of the branch's budget and finance division, head of the budget and finance division as well as vice president and Party committee member of Xinyang Branch, Party secretary and general manager of Zhengzhou municipal railway branch, Party secretary and president of Zhengzhou Branch, and deputy Party secretary and vice president (presiding) of Henan Provincial Branch. Mr. Yang is a "Senior

Economist” with a postgraduate degree and PhD in Management. He has over 30 years of experience in the Chinese banking industry.

Mr. Bi Mingqiang

(Executive Director, President & Chief Executive Officer)

Appointed Director and Chief Executive Officer of the Bank on 28 September 2018. Mr. Bi is also Chairman of CITIC Bank International (China) Limited and CNCBI Investment Holdings Limited, and Director of Ka Wah International Merchant Finance Limited, The Hong Kong Chinese Enterprises Association and The Tsinghua University Education Foundation (Hong Kong Special Administrative Region) Limited. He has more than 24 years of multifaceted expertise in the finance industry, and has held various management positions in China, Canada, the US, and the UK, covering a wide range of banking businesses. He started his banking career with The Industrial and Commercial Bank of China (“**ICBC**”) and progressed through different assignments in project financing, corporate lending, credit risk management, sales management, global markets, mergers and acquisitions, and strategic planning. Mr. Bi has extensive experience in overseas operations setup and management, new business development, commercial banking management, cross-cultural people engagement, team effectiveness building, and corporate governance. Over the years, he has held various important positions including business heads, CEO, and chairmanship of several Mainland and overseas organisations including Head of Credit Management of ICBC group, Country Head of ICBC’s US operations, CEO and President of ICBC Canada and Chairman of ICBC Standard Bank Plc headquartered in London. Prior to coming to Hong Kong, he was Managing Director of CICC Capital Management Co Ltd, a subsidiary of China International Capital Corporation Limited. Mr. Bi obtained his undergraduate and postgraduate degrees from Tsinghua University and subsequently a PhD in Finance from Renmin University of China.

Mrs. Kan Ng Chau Yuk Helen

(Executive Director, Deputy Chief Executive Officer and Head of Personal & Business Banking Group)

Appointed Director of the Bank on 15 March 2013. Mrs. Kan is currently the Bank’s Executive Director, Deputy Chief Executive Officer, Head of Personal & Business Banking Group, and Director of various subsidiaries of the Bank, including CITIC Bank International (China) Limited, Security Nominees Limited, The Hongkong Chinese Bank (Nominees) Limited and The Ka Wah Bank (Nominees) Limited. She is also a Director and member of Executive Committee of The Hong Kong Institute of Bankers, a Director of Nova Credit Limited, and a Director and President of Hong Kong Women Professionals and Entrepreneurs Association Limited. Mrs. Kan has more than 30 years of experience in the banking and finance industry. Over the years, Mrs. Kan had held various senior positions across a broad spectrum of banking and finance exposures in Hong Kong, Mainland China, the UK and other global markets. Mrs. Kan’s rich experience covers strategic transformation, new business set up and expansion, diversified consumer banking businesses, global and multi-cultural management, people development, quality management and internal audit. Prior to joining the Bank, she was Standard Chartered Bank's Global Head of Distribution in charge of the strategic development and performance of distribution channels. Mrs. Kan holds an Honours Degree in Management and Economics, and a Master’s Degree in Laws from The University of Hong Kong. She was appointed Council Member of The Hong Kong University of Science and Technology in August 2017.

Mr. Bai Lijun

(Executive Director, Deputy Chief Executive Officer and Head of Wholesale Banking and Treasury & Global Markets Group)

Appointed Director of the Bank on 20 August 2018. Mr. Bai is currently the Bank’s Executive Director, Deputy Chief Executive Officer, and Head of Wholesale Banking and Treasury & Global Markets Group. Mr. Bai’s scope of responsibilities encompasses the overall management of the Bank’s Treasury & Markets Group with a view to strengthen funding and liquidity management, in addition to a fortifying wholesale banking products and business controls while driving CNCB- and CITIC Group-related collaboration for enhanced business development for the Bank. He is also Director of various subsidiaries of the Bank, including Carford International Limited, CITIC Bank International (China)

Limited, CNCBI Investment Holdings Limited, CNCBI Financial Consultant Limited and The Ka Wah Bank (Nominees) Limited. Mr. Bai joined CNCB's Financial Markets Department from Bank of Beijing in 2006. In 2009, he took up an additional role at the Chairman Office of CITIC Group, assisting the Group's Chairman with corporate governance, group projects and business affairs. Prior to joining the Bank, Mr. Bai was CNCB's Deputy General Manager of the Office of the Board of Directors and Supervisors. Mr. Bai holds a Bachelor of Economics Degree from the School of Economics at Nankai University in Tianjin, and a Master of Finance Degree from the School of Finance at Renmin University of China in Beijing.

Mr. Tang Nai Pan

(Executive Director, Deputy Chief Executive Officer and Chief Risk Officer)

Appointed Director of the Bank on 20 March 2020. Mr. Tang is currently the Bank's Executive Director, Deputy Chief Executive Officer, Chief Risk Officer, and Director of various of the Bank's subsidiaries including CITIC Bank International (China) Limited, CNCBI Investment Holdings Limited and CNCBI Asset Management Limited. He is also a Director of Financial Dispute Resolution Centre. Mr. Tang has over 30 years of experience in the banking industry. Prior to joining the Bank, Mr. Tang was Deputy Chief Executive, Alternate Chief Executive and Chief Risk Officer of Shanghai Commercial Bank Limited. Over the years, he has accumulated a wealth of experience in treasury, compliance and risk management from banking institutions including Chong Hing Bank, Hang Seng Bank, Shanghai Pudong Development Bank, DBS Bank Singapore and Citibank (Hong Kong). Mr. Tang received his education in the US. He holds a Bachelor of Arts Degree in Mathematics and Statistics from University of Minnesota, Minneapolis, and a Master of Science Degree in Statistics from University of Chicago. Mr. Tang is also a Doctor of Philosophy candidate in Finance at Kellogg School of Management, Northwestern University.

Mr. Fang Heying

(Non-executive Director)

Appointed Director of the Bank on 24 March 2016. Mr. Fang is currently the Party committee member and Deputy General Manager of CITIC Group Corporation Limited, Deputy General Manager and member of the executive committee of CITIC Limited, Deputy General Manager of CITIC Corporation Limited, and the Party secretary, Vice Chairman, Executive Director and President of CNCB. He is also a Director of CIFH. Mr. Fang joined CNCB in 1996 and was formerly the President of Suzhou Branch, President of Hangzhou Branch and Business Director of Financial Markets. He served as a Vice President of CNCB since November 2014 and was further appointed as its President in March 2019. Mr. Fang was a "Senior Economist". He graduated from Hunan College of Finance and Economics with a Bachelor's Degree in Finance and obtained an Executive Master's Degree in Business Administration from Peking University.

Mr. Guo Danghuai

(Non-executive Director)

Appointed Non-executive Director of the Bank on 9 April 2020. Mr. Guo is currently the Party committee member, Executive Director and Vice President of CNCB. He is also Chairman of CITIC Wealth Management Corporation Limited, Director of CIFH, CNCB (Hong Kong) Investment Limited and CITIC aiBank Corporation Limited. Mr. Guo joined CNCB in 1986 and was formerly its Chief Auditor, General Manager of its Business Department at Head Office, President of its Tianjin Branch and Shenyang Branch. Mr. Guo is a "Senior Economist" and graduated from Peking University with a Master's Degree in Business Management. He has over 30 years of working experience in the Chinese banking industry.

Mr. Hu Gang

(Non-executive Director)

Appointed Non-executive Director of the Bank on 4 March 2021. Mr. Hu is currently the Party committee member, Vice President and Chief Risk Officer of CNCB. Mr. Hu joined CNCB in 2000 and was formerly head of the wholesale business and head of risk management of the Head Office, president of Shanghai Branch, president of Chongqing Branch and vice president of Changsha Branch. Mr. Hu graduated from Hunan University with a doctoral degree in Economics. He is a "Senior Economist" with over 20 years of experience in the Chinese banking industry.

Ms. Li Shuk Yin Edwina

(Independent Non-executive Director)

Appointed Independent Non-executive Director of the Bank on 28 September 2018. Ms. Li is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. She was formerly with KPMG from 1994 with her last role as the partner in charge of KPMG China's Financial Services Assurance team until her retirement in March 2018. Ms. Li has significant experience in accounting, capital market, market entrance, regulatory compliance related internal control and risk management in Hong Kong and China. Prior to joining KPMG, Ms. Li qualified as a Chartered Accountant with one of the Big Four firms and as controller with a real estate company and a financial services group in London. She graduated from University of Exeter, England with an Honours degree in Accountancy. She received her Master's degree in Risk Management from Glasgow Caledonian University in Scotland and holds a Postgraduate Diploma in Enterprise Risk Management from HKU SPACE. She is also an Independent Non-executive Director and the chairperson of the audit committee of Bank of Zhengzhou Co., Ltd. and a Director of Elite Beam Limited.

Mr. Tang Shisheng

(Independent Non-executive Director)

Appointed Independent Non-executive Director of the Bank on 13 November 2013. Mr. Tang is also an Independent Non-executive Director of Wison Engineering Services Co. Ltd. and Independent Director of Chongqing Three Gorges Bank Co., Ltd. He has extensive experience in finance and securities industries. Mr. Tang graduated from Hunan College of Finance and Economics with a Bachelor's Degree in Finance. He received his Master's Degree in Economics and Doctor's Degree in Economics respectively from the Graduate School of The People's Bank of China and the Graduate School of Chinese Academy of Social Sciences. Mr. Tang was granted the title of "Senior Economist" by The People's Construction Bank of China in 1993.

Ms. Tsang King Suen Katherine

(Independent Non-executive Director)

Appointed Independent Non-executive Director and Chairman of the Credit & Risk Management Committee of the Bank on 1 December 2016. Ms. Tsang is a well-recognised member of the Asian financial and business community. Fortune Magazine (China) named her as No.6 China's Most Influential Businesswomen in 2012 and she was on the top 25 list from 2010 to 2013. Ms. Tsang is the founder of Max Giant Group, an asset management business that has established a host of funds investing in both public markets and private equities globally. She is also an Independent Non-executive Director of Fosun International Limited and Budweiser Brewing Company APAC Limited, Non-executive Director of Fidelity Emerging Markets Fund Limited, Director of Ever Ascent Corporation Limited, Pride Vision Group and Try Door Limited, member of the Advisory Council for China of the City of London, and an honorary board member of Shanghai Jiao Tong University. Ms. Tsang was formerly with Standard Chartered Bank for over 20 years, with her last role as Chairperson of Greater China before she retired in August 2014. She attained her Bachelor of Commerce Degree from University of Alberta, Canada.

Mr. Wang Guoliang

(Independent Non-executive Director)

Appointed Independent Non-executive Director of the Bank on 12 August 2016 and elected Chairman of Audit Committee on 2 November 2016. Mr. Wang is a professor-level senior accountant and is currently Independent Director of China Taiping Insurance Group Limited and COSCO Shipping Lines Co., Limited. Mr. Wang worked as Chief Accountant of China National Petroleum Corporation and was Chairman of Bank of Kunlun. He has extensive experience in finance and accounting. Mr. Wang graduated from Harbin University of Commerce with a Bachelor's Degree in Economics. He received his Master's Degree in International Economics from Hebei University.

Mr. Wu Jiesi

(Independent Non-executive Director)

Appointed Independent Non-executive Director of the Bank on 5 August 2013 and elected Chairman of the Remuneration Committee and the Nomination Committee on 20 July 2016 and 25 May 2017 respectively. Mr. Wu is Chairman of Shenzhen Fuhaiyintao Asset Management Co., Ltd. He is also an Independent Non-executive Director of Beijing Enterprises Holdings Limited and The Industrial and Commercial Bank of China (Asia) Limited. Mr. Wu has extensive experience in corporate management, investment and finance. He holds a Doctor’s Degree in Economics from The Research Institution of The People’s Bank of China. Mr Wu conducted post-doctorate research work in theoretical economics at Nankai University and was conferred a professorship qualification by Nankai University in 2001.

RELATED PARTY TRANSACTIONS

The section headed "Related Party Transactions" on pages 135 to 136 of the Offering Circular shall be deleted in its entirety and replaced with the following:

The Group is majority-owned by CIFH and is controlled by its ultimate holding company, CITIC. See "*Principal Shareholders — CITIC International Financial Holdings Limited*" and "*Principal Shareholders — CITIC Group*" respectively.

The Group entered into a number of transactions with related parties in the normal course of its banking business including, *inter alia*, lending, acceptance and placement of inter-bank deposits, participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The transactions were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Group. In the opinion of the directors of the Bank, these transactions were conducted on normal commercial terms.

Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

Transactions with group companies

During the years ended 31 December 2020 and 2021, the Group entered into a number of transactions with related parties in the normal course of its banking business including, *inter alia*, lending, acceptance and placement of inter-bank deposits; and participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The transactions were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Group. In the opinion of Directors, these transactions were conducted on normal commercial terms.

The amount of related party transactions during the years ended 31 December 2020 and 2021 and outstanding balances at the end of such years are set out in note 36(a) to the 2021 Audited Financial Statements incorporated by reference into this Supplement.

PRINCIPAL SHAREHOLDERS

The section headed "Principal Shareholders" on pages 137 to 139 of the Offering Circular shall be deleted in its entirety and replaced with the following:

CITIC GROUP CORPORATION

CITIC is the ultimate controlling shareholder of the Bank. As at the date of this Supplement, the Bank is 75 per cent. owned by CIFH, which is 100 per cent. owned by CNCB. CNCB is over 60 per cent. indirectly owned by CITIC Limited. CITIC Limited is approximately 58 per cent. indirectly owned by CITIC.

CITIC was approved by the PRC's State Council and established in 1979. Since its founding, CITIC has received the support of the PRC government. The late Mr. Rong Yiren, former Vice President of the PRC, was the first Chairman of CITIC. Since then, CITIC has grown into a large state-owned multinational conglomerate with a wide range of businesses covering finance, energy and resources, manufacturing, engineering contracting, real estate and others.

CITIC as the ultimate controlling shareholder of the Bank ultimately determines the strategy, management and operations of the Bank. Subject to compliance with the regulations of the HKMA, CITIC, through CNCB, is able to determine the Bank's corporate policies, appoint the Bank's Directors and officers, and vote to pursue corporate actions requiring shareholders' approval. The Chairman of the Bank is nominated by CNCB.

CITIC owns or controls a number of companies which may compete directly or indirectly with the businesses of the Bank and CIFH and its subsidiaries and associated company (the "CIFH Group"), and have more experience, superior resources and a larger scale of operations in the PRC.

Currently, the Bank also engages in, and expects from time to time in the future to engage in, financial and commercial transactions with members of the CITIC Group. See "*Related Party Transactions*".

The following chart sets out the shareholding chain of CITIC Group in CIFH and the Bank as at the date of this Supplement:

CITIC Limited (formerly known as CITIC Pacific Limited)

CITIC Limited is approximately 58 per cent. indirectly owned by CITIC and was incorporated in Hong Kong in January 1985. As at the date of this Supplement, CITIC Limited held 100 per cent. of the share capital of CITIC Corporation Limited.

CITIC Corporation Limited (formerly known as CITIC Limited)

CITIC Corporation Limited is a wholly owned subsidiary of CITIC Limited and was incorporated in China in December 2011. As at the date of this Supplement, CITIC Corporation Limited, together with other subsidiaries of CITIC Limited, held over 60 per cent. of the share capital of CNCB.

China CITIC Bank Corporation Limited

As at the date of this Supplement, CNCB, held 100 per cent. of the issued share capital of CIFH, the holding company of the Bank.

As part of the Restructuring Strategy, on 8 May 2009, CNCB entered into a Share Purchase Agreement with CITIC and Gloryshare Investments Limited ("GIL") to acquire a 70.32 per cent. interest in CIFH for a cash consideration of approximately HK$13.6 billion (U.S.$1.7 billion). This CIFH Acquisition is an integral part of CITIC's Restructuring Strategy, the intention of which was explicitly stated at the time of CIFH's privatisation in November 2008. The CIFH

Acquisition was completed on 23 October 2009. Three senior executives of CNCB are currently Non-Executive Directors of the Bank.

The CIFH Acquisition is expected to enable CNCB to:

- expand its branch network to international financial centres, develop its commercial banking network both domestically and internationally, and to provide "one-stop-shop" financial solutions and a wider variety of and more applicable service products and service channels for its customers with international banking needs;

- realise its strategic objective to become a "leading international bank";

- maximise synergies by promoting the effective integration of financing resources, optimise the allocation of resources, constantly increasing the business synergies between CIFH and CNCB, and enhance its overall competitiveness in the banking market; and

- use excess capital to enhance shareholder value.

The CIFH Acquisition also created opportunities for CNCB and the Bank to expand the width and depth of their collaboration. The Bank extended cooperation to more CNCB branches, spanning across most of CNCB's major geographical coverage in Mainland China. A series of new business cooperation initiatives were successfully introduced during the year, including RMB trade settlement programme, structured financing, pre-Initial Public Offering financing, offshore account opening, i-banking services and offshore bill operation and services.

CITIC International Financial Holdings Limited

The Bank is a majority-owned subsidiary of CIFH which is the financial flagship of CITIC outside Mainland China. The CIFH Group is a financial services group whose core businesses include the provision of commercial banking, asset management and other related financial services. CIFH became the holding company of the CIFH Group following the group reorganisation on 25 November 2002, the appointed day designated by the board of directors of CIFH for the legal merger of the relevant undertakings of CIFH and HKCB pursuant to the CITIC Ka Wah Bank Limited (Merger) Ordinance (Cap. 1171) of the laws of Hong Kong. As part of the group reorganisation, CIFH (which prior to the reorganisation was named CITIC Ka Wah Bank Limited) transferred most of its commercial banking assets and liabilities to HKCB, a then wholly-owned subsidiary of CIFH. At the same time, HKCB changed its name to CITIC Ka Wah Bank Limited and continued to operate the integrated commercial banking business of the CIFH Group. See "*Business — History*".

CIFH is supported by CITIC in its vision to drive the offshore expansion and establishment of the CITIC brand in international banking and financial services. One of its strategic priorities is to develop effective partnership models with companies in the CITIC Group in the Mainland China to maximise strategic opportunities to promote the CITIC brand in international banking and financial services.

On 29 December 2006, CIFH completed the acquisition of a 15.17 per cent. strategic stake in CNCB to enhance its ability to capture opportunities from the increasing cross-border business flows into and out of the PRC market. Upon the listing of CNCB on the Hong Kong Stock Exchange on 27 April 2007, CIFH topped up its investment in CNCB to maintain a 15 per cent. equity interest in CNCB's enlarged share capital.

On 9 February 2007, CIFH's shareholders gave approval for BBVA to become a 14.58 per cent. strategic investor in CIFH, and the transaction was duly completed on 1 March 2007.

On 16 October 2008, CIFH's independent shareholders gave approval for CITIC, through GIL, to take CIFH private by way of Scheme of Arrangement. On 5 November 2008, CIFH was delisted from the Hong Kong Stock Exchange, and on the same day, BBVA's stake in CIFH was increased to 29.68 per cent. The strategic investment in CNCB held by CIFH was proportionately transferred to CITIC and BBVA in December 2008.

The privatisation of CIFH was part of CITIC's Restructuring Strategy to create a single banking business platform within the CITIC Group. The intention of the privatisation was for the Bank of become CITIC's exclusive vehicle to develop commercial banking business in Hong Kong and a commercial banking platform for new business expansion for CITIC in Asia.

As at 31 December 2021, the CIFH Group's total assets, shareholders' funds, total loans and total deposits were HK$420.1 billion (U.S.$53.9 billion), HK$35.8 billion (U.S.$4.6 billion), HK$242.7 billion (U.S.$31.1 billion) and HK$329.2 billion (U.S.$42.2 billion), respectively.

As at the date of this Supplement, CIFH has 7,459,172,916 ordinary shares in issue, which are all fully paid.

Principal Activities of the CIFH Group

The CIFH Group currently engages in a wide range of banking and non-bank financial businesses through the following entities:

The Bank and its subsidiaries	retail banking (including home mortgage loans, consumer finance, credit cards, deposits, personal wealth management, distribution of insurance and investment products, hire purchase and leasing and small business loans), wholesale banking (including commercial mortgages, trade finance, corporate loans, syndicated loans, term loans and overdrafts, and structured finance) and treasury activities
CITIC International Assets Management Limited and its subsidiaries	private equity investments, asset management and investment holding

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following is the text of the Terms and Conditions of the Capital Securities (subject to completion and modification and excluding italicised text) will be endorsed on each of the Capital Securities in definitive form. The numbering and title of the following Terms and Conditions of the Capital Securities follow the numbering of the Terms and Conditions of the Notes as set out in the Offering Circular dated 10 June 2021.

The U.S.$600,000,000 4.80 per cent. undated non-cumulative subordinated Additional Tier 1 capital securities (the "**Capital Securities**") of China CITIC Bank International Limited 中信銀行（國際）有限公司 (the "**Issuer**") are constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 30 November 2007 made between the Issuer and Citibank, N.A., London Branch (the "**Trustee**", which expression shall include any successor as Trustee).

The Capital Securities have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 30 November 2007 and made between the Issuer, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents).

For the purposes of the Trust Deed, the Agency Agreement and the Global Certificate, these Capital Securities are "Undated Subordinated Notes".

Any reference to "**Securityholders**" or "**holders**" in relation to any Capital Securities shall mean the persons in whose name the Capital Securities are registered and shall, in relation to any Capital Securities represented by a Global Note, be construed as provided below.

The Trustee acts for the benefit of the Securityholders in accordance with the provisions of the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of each of the Paying Agents. Copies of the Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents. The Securityholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the Pricing Supplement which are applicable to them. The statements in these Terms and Conditions ("**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed and the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed or the Agency Agreement and the Conditions, the Conditions will prevail. The terms and conditions of the Notes as set out in the Offering Circular dated 10 June 2021 shall be deemed to be replaced by these Conditions for the purposes of the Capital Securities.

1. FORM, DENOMINATION AND TITLE

Condition 1 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

1.1 Form and Denomination

The Capital Securities are issued in registered form in the denomination of U.S.$250,000 each and integral multiples of U.S.$1,000 in excess thereof (referred to as the "**principal amount**" of a Capital Security). The principal amount of a Capital Security is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 6C) in accordance with Condition 6C and references in the Conditions to the "**principal amount**" of a Capital Security shall mean the principal amount of a Capital Security as so adjusted. A certificate (each a "**Certificate**") will be issued to each Securityholder in respect of its registered holding of Capital Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Securityholders which the Issuer will procure to be kept by the Registrar and at the office of the Issuer.

The Capital Securities are not issuable in bearer form.

1.2 **Title**

Title to the Capital Securities passes only by registration in the register of Securityholders. The Securityholder of any Capital Security will (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 interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Securityholder.

2. **TRANSFERS OF REGISTERED NOTES**

2.1 **Transfers of interests in Registered Global Note**

Condition 2.1 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Transfers of beneficial interests in Capital Securities represented by a global note in registered form ("**Registered Global Note**") will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing system acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for definitive Capital Securities in registered form ("**Definitive Registered Notes**") or for a beneficial interest in another Registered Global Note only in the denomination set out in Condition 1.1 and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear or Clearstream, Luxembourg shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear or Clearstream, Luxembourg or to a successor if Euroclear or Clearstream, Luxembourg or such successor's nominee.

2.2 **Transfers of Definitive Registered Notes**

Condition 2.2 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Subject as provided in Condition 2.5 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the denomination set out in Condition 1.1). In order to effect any such transfer (i) the holder or holders must (A) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note in definitive form of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 **Registration of transfer upon partial redemption**

Condition 2.3 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

2.4 **Cost of Registration**

Condition 2.4 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Securityholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 **Closed Periods**

Condition 2.5 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

No Securityholder may require the transfer of a Capital Security to be registered (i) during the period of 15 days prior to (and including) the due date of any payment of principal or Distributions in respect of the Capital Securities; (ii) during the period of seven days ending on (and including) any Record Date; and (iii) during a Suspension Period.

"**Suspension Period**" means the period commencing on the second Hong Kong Business Day (as defined in Condition 6B below) immediately following the date of a Non-Viability Event Notice and ending on the close of business in Hong Kong on the effective date of the related Write-off.

*So long as the Capital Securities are represented by a Global Note and such Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, "**Suspension Period**" shall mean the period commencing on the second Hong Kong Business Day immediately following the date on which a Non-Viability Event Notice is received by Euroclear and/or Clearstream, Luxembourg and ending at the close of business in Hong Kong on the effective date of the related Write-off.*

2.6 **Exchanges and transfers of Definitive Registered Notes generally**

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. **STATUS OF THE NOTES**

3.1 **Status of Senior Notes**

Condition 3.1 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

3.2 **Status of the Subordinated Notes**

Condition 3.2 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Conditions 3.3 and 3.4 shall be inserted after Condition 3.2:

3.3 **Status of the Capital Securities**

(a) *Provision relating to the Capital Securities*

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated in the manner described below.

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

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

For the purposes of these Conditions:

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

"**Capital Regulations**" means capital regulations applicable to the regulatory capital of Authorized Institutions in Hong Kong as published by the Monetary Authority.

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

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

"**Parity Obligation**" means any instrument or other obligation issued or entered into by the Issuer that constitutes or qualifies as Additional Tier 1 capital (or its equivalent) under applicable Capital Regulations or any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Capital Securities by operation of law or contract.

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

"**Shares**" means the ordinary share capital of the Issuer.

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

"**Tier 2 Capital Securities**" means instruments categorised as Tier 2 capital pursuant to the Capital Regulations that rank or are expressed to rank senior to the Capital Securities by operation of law or contract.

"**Winding-Up**" means a final and effective order or resolution for the winding up, liquidation or similar proceedings in respect of the Issuer.

(b) *Set-off*

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

In the event that any Securityholder nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding (as defined in Condition 11.2A) in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Capital Securities, other than in accordance with this Condition 3.3, such Securityholder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the Winding-Up of the Issuer for distribution and each Securityholder, by virtue of becoming a Securityholder of any Capital Security, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

3.4 **Qualification of the Capital Securities**

The Capital Securities are intended to qualify as Additional Tier 1 capital under the Capital Regulations.

4. **NEGATIVE PLEDGE (SENIOR NOTES ONLY)**

Condition 4 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 4A shall be inserted after Condition 4:

4A **REPORTING COVENANTS**

In relation to the Capital Securities, the Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC ("**NDRC**") the requisite information and documents within 10 PRC Business Days (as defined below) after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015] 2044 號）issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

The Issuer shall complete or procure to be completed the NDRC Post-issue Filing within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the Capital Securities.

For the purposes of this Condition:

"**PRC Business Day**" means a day on which commercial banks are open for business in the PRC.

5. **REDENOMINATION**

Condition 5 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

6. **INTEREST**

Condition 6 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Conditions 6A, 6B and 6C shall be inserted after Condition 6:

6A **DISTRIBUTION**

(a) *Non-Cumulative Distribution*

Subject to Condition 6B below, the Capital Securities confer a right to receive distributions (each a "**Distribution**") on the principal amount (subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C) from, and including, the Issue Date at the applicable Distribution Rate, payable semi-annually in arrear on 22 April and 22 October in each year (each a "**Distribution Payment Date**").

Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and Securityholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer. Unless otherwise provided in these Conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all amounts due in respect of such Capital Security have been paid; and (b) five days after the date on which the full amount of moneys payable in respect of such Capital Security has been received by the Principal Paying Agent and notice to that effect has been given to the Securityholders in accordance with Condition 15.

No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to Condition 6A and Condition 6B below. Accordingly, such Distribution shall not accumulate for the benefit of the Securityholders or entitle the Securityholders to any claim in respect thereof against the Issuer.

(b) *Distribution Rate*

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

(i) in respect of the period from, and including, the Issue Date to, but excluding, 22 April 2027 (the "**First Call Date**"), 4.80 per cent. per annum; and

(ii) in respect of the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

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

"**Calculation Agent**" means the Principal Paying Agent and shall include any successor as calculation agent.

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

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

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

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

"**Directors**" means the Board of Directors from time to time of the Issuer and "**Director**" means any one of them.

"**Distribution Determination Date**" means the day falling two business days prior to a Distribution Payment Date.

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

As at the date hereof, pursuant to section 297(1) of the Companies Ordinance (Cap. 622) of Hong Kong, the Issuer may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, the Issuer's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital.

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

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

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 10.00 p.m. New York City time, on such Calculation Date.

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

"**Reset Distribution Rate**" means, in relation to a Reset Distribution Period, a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate (as determined as set out below) and (b) the Spread.

"**Spread**" means 2.104 per cent. per annum.

"**U.S. Treasury Rate**" means the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Securityholders equal to the yield on U.S. Treasury securities having a maturity of five years as is displayed on Bloomberg page "**PX1**" (or any successor page or service displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent) at 6 p.m. (New York time) on the Calculation Date. If such page (or any successor page or service) does not display the relevant yield at 6 p.m. (New York time) on the Calculation Date, "**U.S. Treasury Rate**" shall mean the rate in percentage per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Calculation Date. The U.S. Treasury Rate will be calculated on the relevant Calculation Date.

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

The Calculation Agent will calculate the amount of Distribution in respect of any period by applying the applicable Distribution Rate to the Calculation Amount. If Distribution is required to be paid in respect of a Capital Security on any date other than the Distribution Payment Date, it shall be calculated by applying the applicable Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the principal amount of such Capital Security divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000, subject to adjustment following occurrence of a Non-Viability Event, and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6A by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Securityholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(d) *Publication of Relevant Reset Distribution Rate*

The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Securityholders as soon as practicable in accordance with Condition 15 after determination thereof.

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

If the Calculation Agent does not at any time for any reason so determine the applicable Reset Distribution Rate, the Issuer shall as soon as practicable appoint a reputable financial institution of good standing as a successor calculation agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the successor calculation agent shall apply the foregoing provisions of this Condition 6A, with any necessary consequential amendments, to the extent that, in the opinion of the successor calculation agent, it can do so and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

6B DISTRIBUTION RESTRICTIONS

(a) *Optional Distribution Cancellation Event*

Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of Distribution, in whole or in part, by giving a notice signed by two Directors of the Issuer, which shall be conclusive and binding on the Securityholders (such notice, a "**Distribution Cancellation Notice**") of such election to the Securityholders in accordance with Condition 15, and to the Trustee and the Agents at least 10 Hong Kong Business Days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 6B and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution that is cancelled shall therefore not be payable at any time thereafter, whether in a Winding-Up or otherwise.

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

(b) *Mandatory Distribution Cancellation Event*

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

(i) the Distribution scheduled to be paid together with any dividends, distributions or other payments scheduled to be paid or made during the Issuer's then current fiscal year on any Parity Obligations or any instruments which effectively rank *pari passu* with any Parity Obligations shall exceed the Distributable Reserves as at such Distribution Determination Date; or

(ii) the Monetary Authority so directs the Issuer to cancel such Distribution (in whole or in part) or applicable Hong Kong banking regulations or other requirements of the Monetary Authority prevent the payment in full of dividends or other distributions when due on Parity Obligations,

(each a "**Mandatory Distribution Cancellation Event**").

The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 6B(b) and any failure to pay such Distribution shall not constitute an Event of Default. Distributions are non-cumulative and any Distribution which is cancelled shall therefore not be payable at any time thereafter whether in a Winding-Up or otherwise.

(c) *Distributable Reserves*

Any Distribution may only be paid out of Distributable Reserves.

(d) *Dividend Stopper*

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of this Condition 6B, the Issuer shall not:

(i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or

(ii) purchase, cancel or otherwise acquire any Shares or permit any of its Subsidiaries to do so,

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

(e) *No Default*

Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 6B shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 11.2A) on the part of the Issuer.

6C NON-VIABILITY LOSS ABSORPTION

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

Concurrently with the giving of the notice of a Non-Viability Event, unless otherwise directed by the Monetary Authority, the Issuer shall procure that a similar notice be given in respect of other loss absorbing regulatory capital instruments in accordance with their terms.

For the avoidance of doubt, any Write-off pursuant to this provision will not constitute an Event of Default under the Capital Securities.

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

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

For the purposes of this Condition 6C:

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

"**Non-Viability Event**" means the earlier of:

(a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; or

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

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

(a) in reasonable detail the nature of the relevant Non-Viability Event; and

(b) the Non-Viability Event Write-off Amount for (i) each Capital Security and (ii) each other Subordinated Capital Security on the Loss Absorption Effective Date in accordance with its terms and (iii) specifying the Loss Absorption Effective Date.

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

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

6D HONG KONG RESOLUTION AUTHORITY POWER

Notwithstanding any other term of the Capital Securities, including without limitation Condition 6C, or any other agreement or arrangement, each Securityholder and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Capital Securities being written off, cancelled, converted or modified, or to having the form of the Capital Securities changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

(a) the reduction or cancellation of all or a part of the outstanding principal amount of, or Distributions on, the Capital Securities;

(b) the conversion of all or a part of the outstanding principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and

(c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of these Conditions.

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

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

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Capital Securities, the Issuer shall provide a written notice not more than two Hong Kong Business Days after the occurrence of such exercise regarding such exercise of the Hong Kong Resolution Authority Power to the Securityholders in accordance with Condition 15.

Neither the reduction or cancellation, in part or in full, of the outstanding principal amount of, or Distributions on the Capital Securities, the conversion thereof into another share, security or obligation of the Issuer or another person, or any other amendment or alteration of these Conditions as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Capital Securities shall constitute an Event of Default under Condition 11.2A.

*The Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**Ordinance**") was passed by the Legislative Council of Hong Kong and published in the gazette of the Hong Kong Special Administrative Region Government (the "**HKSAR Government**") in June 2016. The Ordinance became effective on 7 July 2017 and all licensed banks in Hong Kong are subject to the Ordinance.*

For the purposes of these Conditions:

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

"**Hong Kong Resolution Authority Power**" means any power which may exist from time to time under the 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 Issuer or other members of the Group (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.

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

"**Subsidiary**" means any company (i) in which the Issuer holds a majority of the voting rights, (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the Directors, (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer from time to time or (iv) whose affairs are for the time being required to be fully consolidated in the consolidated accounts of the Issuer.

7. PAYMENTS

7.1 Method of payment

Condition 7.1 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Payments in U.S. dollars will be made by credit or transfer to an account in U.S. dollar maintained by the payee with a bank in the New York City.

7.2 **Presentation of Definitive Bearer Notes, Receipts and Coupons**

Condition 7.2 of the Terms and Conditions of the Notes does not apply to the Capital Securities.

7.3 **Payments in respect of Bearer Global Notes**

Condition 7.3 of the Terms and Conditions of the Notes does not apply to the Capital Securities.

7.4 **Payments in respect of Definitive Registered Notes and Registered Global Note**

Condition 7.4 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Payments of principal in respect of each Definitive Registered Note and each Registered Global Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Registered Note or Registered Global Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Capital Security appearing in the register of holders of the Capital Securities in registered form maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means a bank in the New York City.

Payments of Distribution in respect of each Definitive Registered Note and each Registered Global Note will be made on the relevant due date to the Designated Account of the holder (or the first named of joint holders) of the Capital Security in registered form appearing in the Register (i) where in global form, at the close of the business day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of Distribution in respect of a Capital Security in registered form, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of Distribution (other than Distribution due on redemption) in respect of the Capital Securities in registered form which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the Distribution due in respect of each Capital Security in registered form on redemption will be made in the same manner as payment of the principal amount of such Capital Security.

No commissions or expenses shall be charged to such holder by the Registrar in respect of any payments of principal or Distribution in respect of Capital Securities in registered form.

None of the Issuer, the Trustee or the Agents 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 Registered Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 **General Provisions Applicable to Payments**

Condition 7.5 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

The holder of a Capital Security represented by a global note ("**Global Note**") shall be the only person(s) entitled to receive payments in respect of Capital Securities represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, as the beneficial holder of a particular nominal amount of Capital Securities represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

7.6 **Payment Day**

Condition 7.6 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

If the date for payment of any amount in respect of any Capital Security is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further Distribution or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 10) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Capital Securities in definitive form only the relevant place of presentation;

(ii) London; and

(b) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the New York City.

7.7 **Interpretation of Principal and Interest**

Condition 7.7 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

7.8 **Payments Subject to Fiscal and Other Laws**

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

8. **REDEMPTION AND PURCHASE**

8.1 **Redemption at Maturity**

Condition 8.1 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 8.1A shall be inserted after Condition 8.1:

8.1A *No Fixed Redemption Date*

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

8.2 **Redemption for Tax Reasons**

Condition 8.2 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Subject to Condition 8.12A, the Capital Securities then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Securityholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that (a) on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which an agreement is reached to issue the Capital

Securities and such change or amendment was not foreseeable at the time of such agreement and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Withholding Tax Event**"); **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or give effect to such treatment, as the case may be, were a payment in respect of the Capital Securities then due.

Prior to giving any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Distribution Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 8.12A; and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Capital Securities redeemed pursuant to this Condition 8.2 will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C.

The following Condition 8.2A shall be inserted after Condition 8.2:

8.2A *Redemption for Tax Deduction Reasons*

Subject to Condition 8.12A, the Capital Securities then outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Registrar, and, in accordance with Condition 15, the Securityholders (which notice shall be irrevocable, subject to Condition 6C, and shall specify the date fixed for redemption), following the occurrence of a Tax Deduction Event.

For the purposes of this Condition 8.2A, a Tax Deduction Event occurs if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) in respect of the Distribution payable on the Capital Securities, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which an agreement is reached to issue the Capital Securities and such change or amendment was not foreseeable at the time of such agreement; and

(b) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it, **provided that**: (i) the Conditions for Redemption set out in Condition 8.12A have been satisfied and (ii) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would cease to be able to claim a tax deduction in respect of the Distribution payable on the Capital Securities as provided in paragraph (a) above as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which an agreement is reached to issue the Capital Securities.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2A, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that: (1) the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it and (ii) a copy of the written consent of the Monetary Authority as referred to in Condition 8.12A and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Capital Securities redeemed pursuant to this Condition 8.2A will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C.

8.3 **Redemption of the Undated and/or Dated Subordinated Notes for Regulatory Reasons**

Condition 8.3 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 8.3A shall be inserted after Condition 8.3:

8.3A *Redemption of the Capital Securities for Regulatory Reasons*

Subject to Condition 8.12A, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Securityholders (which notice shall be irrevocable) following the occurrence of a Capital Event.

For the purposes of this Condition 8.3A, a "**Capital Event**" occurs if the Issuer satisfies the Trustee immediately before the giving of the notice of redemption referred in this Condition 8.3A that (a) the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 capital (or equivalent) of the Issuer and/or (b) the Capital Securities cease to be included in the calculation of the Issuer's capital adequacy ratio, 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 any supervisory guidelines issued by the Monetary Authority in relation thereto and such change or amendment was not foreseeable at the time of the issuance of the Capital Securities, **provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Prior to giving any notice of redemption pursuant to this Condition 8.3A, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (ii) a copy of the written consent of the Monetary Authority; and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Capital Securities redeemed pursuant to this Condition 8.3A will be redeemed at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C.

8.4 **Redemption at the Option of the Issuer (Issuer Call)**

Condition 8.4 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Subject to Condition 8.12A, the Issuer may, having given:

(a) not less than 15 nor more than 45 days' notice to the Securityholders in accordance with Condition 15; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Trustee and the Principal Paying Agent and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Capital Securities then outstanding on the First Call Date or any Distribution Payment Date thereafter, at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C.

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

8.5 **Redemption at the option of the Noteholders other than holders of Undated Subordinated Notes (Investor Put)**

Condition 8.5 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.6 **Early Redemption Amounts**

Condition 8.6 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.7 **Instalments**

Condition 8.7 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.8 **Partly Paid Notes**

Condition 8.8 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.9 **Purchases**

Condition 8.9 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.10 **Cancellation**

Condition 8.10 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.11 **Late payment on Zero Coupon Notes**

Condition 8.11 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

8.12 **Conditions for Redemption and Purchase in respect of Subordinated Notes**

Condition 8.12 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 8.12A shall be inserted after Condition 8.12:

8.12A *Conditions for Redemption and Purchase in respect of the Capital Securities*

Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Capital Securities (other than pursuant to Condition 11.2A) and the Issuer or any of its Subsidiaries shall not purchase any of the Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, **provided however, that** if from time to time the consent of the Monetary Authority is not a requirement of any such Capital Securities to constitute Additional Tier 1 capital (or equivalent) of the Issuer for the purposes of, and as defined in, 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, then the condition to the redemption or purchase and cancellation of the relevant Capital Securities set out in this Condition 8.12A shall not apply for so long as such consent is not required.

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

9. **TAXATION**

Condition 9 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

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

(a) to, or to a person on behalf of, a holder who is liable to the Taxes in respect of such Capital Security by reason of his having some connection with Hong Kong other than the mere holding of such Capital Security; or

(b) in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a business day.

As used in these Conditions, "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent, the Trustee or the Registrar on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Securityholders by the Issuer in accordance with Condition 15.

10. **PRESCRIPTION**

Condition 10 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

Claims against the Issuer for payment in respect of the Capital Securities will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of Distribution) after the Relevant Date (as defined in Condition 9) therefor.

11. **EVENTS OF DEFAULT AND ENFORCEMENT**

11.1 **Events of Default relating to Senior Notes**

Condition 11.1 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

11.2 **Events of Default relating to Subordinated Notes**

Condition 11.2 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 11.2A shall be inserted after Condition 11.2:

11.2A *Events of Default and Winding-Up Proceedings*

If default is made in the payment of any amount of principal or Distribution in respect of the Capital Securities on the due date for payment thereof and such failure continues for a period of seven days in the case of principal or 14 days in the case of Distribution (each, an "**Event of Default**") then in order to enforce the obligations of the Issuer, the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in principal amount of the outstanding Capital Securities or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall (subject to the Trustee having been indemnified and/or provided with security and/or put in funds to its satisfaction) institute a Winding-Up Proceeding against the Issuer. For the avoidance of doubt, no Distribution will be due and payable if such Distribution has been cancelled or is deemed cancelled (in each case, in whole or in part) in accordance with these Conditions. Accordingly, no default in payment under the Capital Securities will have occurred or be deemed to have occurred for the non-payment of any Distribution that has been so cancelled or deemed cancelled.

If an order is made or an effective resolution is passed for the Winding-Up of the Issuer (whether or not an Event of Default has occurred and is continuing) then the Trustee at its sole discretion may and, if so requested in writing by holders of at least 25 per cent. in principal amount of the outstanding Capital Securities or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or put in funds to its satisfaction) give written notice to the Issuer declaring the Capital Securities to be immediately due and payable, whereupon they shall become immediately due and payable at their outstanding principal amount together (if appropriate) with Distributions accrued to (but excluding) the date of actual payment, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 6C, without further action or formality.

In these Conditions:

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

11.3 **Enforcement**

Condition 11.3 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

(a) Without prejudice to Condition 11.2A, the Trustee may at any time and if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Capital Securities binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or Distributions in respect of the Capital Securities), subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision **provided that** the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or Distributions in respect of the Capital Securities sooner than the same would otherwise have been payable by it.

(b) The Trustee shall not be bound to take action as referred to in Conditions 11.2A and 11.3(a) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Securityholders holding at least 25 per cent. in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution of the Securityholders and (ii) it shall have been indemnified and/or secured and/or put in funds to its satisfaction. No Securityholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

(c) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 11.2A and Conditions 11.3(a) and (b) above or submitting a claim in the Winding-Up of the Issuer will be available to the Trustee or the Securityholders.

(d) No Securityholder shall be entitled either to institute proceedings for the Winding-Up of the Issuer or to submit a claim in such Winding-Up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Securityholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or submit a claim in the Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Condition 12 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 12A shall be inserted after Condition 12:

12A REPLACEMENT OF CAPITAL SECURITIES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or the Transfer Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. PRINCIPAL PAYING AGENT, REGISTRAR, PAYING AND TRANSFER AGENTS

Condition 13 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

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

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

(a) there will at all times be a Principal Paying Agent and a Registrar; and

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

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Securityholders in accordance with Condition 15.

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

14. EXCHANGE OF TALONS

Condition 14 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

15. NOTICES

Condition 15 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

All notices regarding the Capital Securities will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the Securityholders (or the first named of joint Securityholders) at their respective addresses recorded in the Register and will be deemed to have been given on the third day after mailing and (b) if and for so long as the Capital Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Capital Securities are issued, there may, so long as any Global Notes representing the Capital Securities are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Securityholders of the Capital Securities and, in addition, for so long as any Capital Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Securityholder of the Capital Securities on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Securityholder shall be in writing and given by lodging the same, together (in the case of any Capital Security in definitive form) with the relative Capital Security or Capital Securities, with the Principal Paying Agent (in the case if Capital Securities in bearer form) or the Registrar (in the case of Capital Securities in registered form). Whilst any of the Capital Securities are represented by a Global Note, such notice may be given by any Securityholder of a Capital Security to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND CONSOLIDATIONS

Condition 16 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

The following Condition 16A shall be inserted after Condition 16:

16A MEETINGS OF SECURITYHOLDERS, MODIFICATIONS AND CONSOLIDATIONS

16A.1 Meetings of Securityholders

The Trust Deed contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or Securityholders holding not less than 10 per cent. in nominal amount of the Capital Securities for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or the Trust Deed (including modifying or any date for payment of Distribution thereon, reducing or cancelling the amount of principal or Distribution Rate in respect of the Capital Securities or altering the currency of payment of the Capital Securities) the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the Capital Securities for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting.

16A.2 Modifications and Waivers

The Trustee may agree, without the consent of the Securityholders to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Capital Securities or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Notification Event (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of law. Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 15 as soon as practicable thereafter.

16A.3 Consolidation, Merger and Sale of Assets

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

(a) the company or other entity formed by or surviving such consolidation or merger or the person, company or other entity which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Issuer shall expressly assume by way of a supplemental trust deed the due and punctual payment of the principal of, and Distribution on, the Capital Securities and the performance of the Capital Securities, the Trust Deed and the Agency Agreement on the part of the Issuer to be performed or observed;

(b) immediately after giving effect to such transaction, no Event of Default with respect to the Capital Securities, and no event, which after notice or lapse of time, or both, would become an Event of Default with respect to the Capital Securities, shall have happened and be continuing;

(c) the Issuer has delivered to the Trustee (in form and substance satisfactory to the Trustee) (i) a certificate signed by two Directors of the Issuer and (ii) an opinion of independent legal advisers of recognised standing (acceptable to the Trustee) stating that such consolidation, merger, conveyance, transfer or lease and any such supplemental trust deed comply with this Condition 16A.3 and that all conditions precedent relating to such transaction have been complied with; and

(d) immediately after giving effect to such consolidation, amalgamation or merger of the Issuer, no internationally recognised rating agency has in respect of the Capital Securities, issued any notice downgrading its credit rating for such Capital Securities or indicating that it intends to downgrade its credit rating for such Capital Securities.

16A.4 **Exercise of Trustee's Powers etc**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Securityholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Securityholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Securityholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Securityholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

17. SUBSTITUTION

Condition 17 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

18. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

18.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or put in funds to its satisfaction.

18.2 Trustee Contracting with the Issuer

Condition 18.2 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the Securityholders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. **FURTHER ISSUES**

Condition 19 of the Terms and Conditions of the Notes as set out in the Offering Circular does not apply to the Capital Securities.

20. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Condition 20 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

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

21. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

21.1 **Governing law**

Condition 21.1 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

The Trust Deed, the Capital Securities, and any non-contractual obligations arising out of or in connection with the Trust Deed, the Capital Securities are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3.3(a) and the first paragraph of Clause 7.2 of the Trust Deed shall be governed by, and construed in accordance with, the laws of Hong Kong.

21.2 **Submission to Jurisdiction**

Condition 21.2 of the Terms and Conditions of the Notes as set out in the Offering Circular is deemed to be deleted in its entirety and replaced with the following:

(a) Subject to Condition 21.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Capital Securities, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Capital Securities (a "**Dispute**") and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 21.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) This Condition 21.2(c) is for the benefit of the Trustee, the Securityholders only. To the extent allowed by law, the Trustee, the Securityholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

21.3 **Appointment of Process Agent**

The Issuer irrevocably appoints Hackwood Secretaries Limited at its specified office for the time being as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Hackwood Secretaries Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

TAXATION

The sub-section headed "Taxation — Hong Kong — Stamp Duty" on page 151 of the Offering Circular shall be deleted in its entirety and replaced with the following:

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes **provided that** either:

(i) such Bearer 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 Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) 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 Bearer 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:

(i) such 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

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

Notwithstanding the above, no stamp duty is payable on the transfer of a regulatory capital security (as defined in Section 17A of the IRO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, 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.

GENERAL INFORMATION

The section headed "General Information" on pages 162 to 164 of the Offering Circular shall be deleted in its entirety and replaced with the following:

Authorisation

The issue of the Capital Securities was approved by the resolutions of the Board of Directors of the Issuer passed on 22 March 2022.

Listing

Application will be made to the SEHK for the listing of the Capital Securities by way of debt issues to Professional Investors only. The issue price of the Capital Securities listed on the SEHK will be expressed as a percentage of the nominal amount of the Capital Securities. It is expected that dealings will, if permission is granted to deal in and for the listing of the Capital Securities, commence on or about the date of listing of the Capital Securities.

NDRC approval

The Capital Securities will be issued in accordance with the requirements under the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (关于推进企业发行外债备案登记制管理改革的通知(发改外资 [2015] 2044 号)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") and the annual applicable foreign debt quota granted by the NDRC to CITIC Group Corporation and its subsidiaries.

The Bank is able to rely on such annual foreign debt quota granted by the NDRC and is not required to make any pre-issuance registration of the Capital Securities with the NDRC, however, the Bank will be required to make a post-issuance filing with the NDRC within the prescribed time following issuance of the Capital Securities.

Clearing systems

The Capital Securities have been accepted for clearance through Euroclear and Clearstream. The ISIN and Common Code for the Capital Securities are XS2461766805 and 246176680 respectively.

No significant change

Save as disclosed in this Supplement (read together with the Offering Circular), there has been no significant change in the financial or trading position of the Bank since 31 December 2021 and there has been no material adverse change in the financial position or prospects of the Bank since 31 December 2021.

Litigation

Save as disclosed in this Supplement (read together with the Offering Circular), the Issuer is not involved in any legal proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Supplement a significant effect on the financial position of the Issuer.

Auditor

The auditor of the Issuer is, for the years ended 31 December 2020 and 2021, PricewaterhouseCoopers (Certified Public Accountants).

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other person in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person. However, the Trustee will have no recourse to the Auditors or such other person in respect of such certificates or reports unless the Auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents

So long as the Capital Securities are outstanding, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom:

(a) the constitutional documents of the Issuer;

(b) the audited consolidated financial statements of the Issuer for the year ended 31 December 2021;

(c) the most recent annual audited consolidated financial statements of the Issuer and the most recently published unaudited interim consolidated financial statements of the Issuer (if any);

(d) the Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(e) the Pricing Supplement in relation to the Capital Securities; and

(f) a copy of the Offering Circular together with this Supplement and any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements to the Offering Circular and any other documents incorporated herein or therein by reference.

Legal Entity Identifier

The legal entity identifier of the Issuer is 54930034UPFJV0NHXV95.

FORM OF PRICING SUPPLEMENT

13 April 2022

Application will be made to The Stock Exchange of Hong Kong Limited ("**SEHK**") for the listing of the Capital Securities by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Capital Securities are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Capital Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Capital Securities on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Capital Securities or the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore - In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Capital Securities are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION - PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of and any rules or regulations made under the Financial Services and Markets Act 2000 ("**FSMA**") to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

CHINA CITIC BANK INTERNATIONAL LIMITED 中信銀行（國際）有限公司

Issue of U.S.$600,000,000 4.80 per cent. Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the "Capital Securities")

under the U.S.$3,000,000,000
Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular dated 10 June 2021 (the "**Original Offering Circular**"), the supplemental offering circular dated 13 April 2022 (the "**Supplemental Offering Circular**", and together with the Original Offering Circular, the "**Offering Circular**"). This document constitutes the Pricing Supplement relating to the issue of Capital Securities described herein. The detailed terms and conditions of the Capital Securities are set out in the Schedule hereto and form part of the Pricing Supplement.

This Pricing Supplement contains the final terms of the Capital Securities and must be read in conjunction with the Offering Circular and the Schedule hereto. In particular, investors in the Capital Securities should read the section titled "Investment Considerations" contained in the Original Offering Circular and the Supplemental Offering Circular, including but not limited to the risk factors titled "The Issuer's obligations under the Capital Securities are subordinated", "The terms of the Capital Securities contain non-viability loss absorption and bail-in provisions", "The occurrence of a Non-Viability Event or the exercise of the Hong Kong Resolution Authority Power may be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control" and "The operation of the resolution regime in Hong Kong may override the contractual terms of the Capital Securities", which apply to the issue of Capital Securities described herein.

1.	Issuer:		China CITIC Bank International Limited 中信銀行（國際）有限公司
2.	(a)	Series Number:	13
	(b)	Tranche Number:	001
3.	Issue Date:		22 April 2022
4.	Gross Proceeds:		U.S.$600,000,000
5.	(a)	Status of the Capital Securities:	Subordinated
	(b)	Qualification of the Capital Securities:	The Capital Securities are intended to qualify as Additional Tier 1 capital under the Capital Regulations
	(c)	Date of Board approval for issuance of the Capital Securities obtained:	22 March 2022
	(d)	Date of regulatory approval for issuance of the Capital Securities obtained:	NDRC approval dated 14 January 2022
6.	Listing:		SEHK. It is expected that dealing in, and listing of, the Capital Securities on the SEHK will commence on or about 25 April 2022
7.	U.S. Selling Restrictions:		Reg. S Category 2; TEFRA not applicable
8.	Prohibition of Sales to EEA Retail Investors:		Applicable
9.	Prohibition of Sales to UK Investors:		Applicable

10.	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
11.	Delivery:	Delivery against payment
12.	(a) If syndicated, names of Managers:	*Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers:* China CITIC Bank International Limited Citigroup Global Markets Limited CNCB (Hong Kong) Capital Limited CLSA Limited ABCI Capital Limited Bank of Communications Co., Ltd. Hong Kong Branch The Bank of East Asia, Limited BNP Paribas BOCOM International Securities Limited CCB International Capital Limited China Construction Bank (Asia) Corporation Limited China Everbright Bank Co., Ltd., Hong Kong Branch China Galaxy International Securities (Hong Kong) Co., Limited China International Capital Corporation Hong Kong Securities Limited China Minsheng Banking Corp., Ltd., Hong Kong Branch China Securities (International) Corporate Finance Company Limited Chiyu Banking Corporation Limited Chong Hing Bank Limited CMB International Capital Limited CMB Wing Lung Bank Limited CMBC Securities Company Limited CSFG International Securities Limited GF Securities (Hong Kong) Brokerage Limited Haitong International Securities Company Limited Huatai Financial Holdings (Hong Kong) Limited ICBC International Securities Limited Industrial Bank Co., Ltd. Hong Kong Branch Mizuho Securities Asia Limited Nanyang Commercial Bank, Limited Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch SMBC Nikko Securities (Hong Kong) Limited SPDB International Capital Limited UBS AG Hong Kong Branch (together, the "**Managers**")
	(b) Stabilisation Manager(s) (if any):	Any one of the Managers (other than China CITIC Bank International Limited)
13.	Additional Paying Agent(s) (if any):	Not Applicable
	ISIN:	XS2461766805

	Common Code:	246176680
14.	Ratings	The Capital Securities to be issued are expected to be rated "Ba2" by Moody's
15.	Legal Entity Identifier:	54930034UPFJV0NHXV95
16.	Private Bank Commission / Rebate:	The Issuer has agreed with the Managers that the Issuer will pay a commission to certain private banks in connection with the distribution of the Capital Securities to their clients. This commission will be based on the principal amount of the Capital Securities so distributed, and may be deducted from the purchase price for the Capital Securities payable by such private banks upon settlement

LISTING APPLICATION

This Pricing Supplement comprises the pricing supplement required to list the issue of Capital Securities described herein pursuant to the U.S.$3,000,000,000 Medium Term Note Programme of the Issuer.

MATERIAL ADVERSE CHANGE STATEMENT

Save as disclosed in the Offering Circular, there has been no significant change in the financial or trading position of the Issuer since 31 December 2021 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2021.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ....

Duly authorised

By: ....

Duly authorised

SCHEDULE

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The text of the Terms and Conditions of the Capital Securities will be inserted in the Schedule of the Pricing Supplement

THE ISSUER

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Hong Kong

TRUSTEE

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Central
Hong Kong

PRINCIPAL PAYING AGENT AND AGENT BANK

Citibank, N.A., London Branch
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1 North Wall Quay
Dublin 1, Ireland

REGISTRAR AND TRANSFER AGENT

Citigroup Global Markets Europe AG
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60323 Frankfurt
Germany

LEGAL ADVISERS

To the Issuer as to Hong Kong law and English law

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Central, Hong Kong

To the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers as to English law

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AUDITOR

PricewaterhouseCoopers
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Hong Kong