



For the attention of the Legal and Compliance Department

Dear Sir / Madam,

We refer to our existing terms of business with you, under which you might from time to time purchase, or make or accept an offer to purchase Contingent Convertible or Loss Absorbing Capacity securities that are subject to regulatory restrictions. This letter outlines the different regulatory restrictions that are applicable.

Restrictions around the Sales of Contingent Securities (CoCos) to Retail clients in the EEA/UK

Contingent convertible and write down securities are the subject of the U.K. Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time, the "PI Instrument") ("Relevant CoCos Securities"). Relevant CoCos Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In June 2015, the U.K. Financial Conduct Authority (the "FCA") published the PI Instrument which took effect from 1 October 2015. A similar statement has been communicated by the European Supervisory Authorities in their clarification (JC 2014 62) of the 31 July 2014.

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "PI Rules") and the EU clarification, Relevant CoCos Securities must not be sold to retail clients in the EEA (and following withdrawal from the European Union, the U.K) and there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities or the holding of a beneficial interest in Relevant CoCos Securities where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the U.K. or EEA (in each case within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules¹.

Since the effective UK withdrawal from the European Union in 2021, the FCA PI Rules have been updated to reflect their application to U.K. clients. Similar requirements have been implemented by European regulators.

We, along with other U.K. regulated entities, are required to comply with the PI Rules. Moreover, we consider that shares or units in a fund or similar investment vehicle with fifty percent (50%) or more of its underlying assets consisting of Relevant Securities (a "Relevant Securities Fund") should not be offered or sold to retail clients in the U.K. or EEA.

Restrictions on Loss-Absorbing Capacity ("LAC") Debt Instruments in Hong Kong

LAC debt instruments are the subject of regulatory restrictions under the Hong Kong Regulations (Circular "Sale and Distribution of Debt Instruments with Loss-absorption Features and Related Products" issued by Hong Kong Monetary Authority (the "HKMA") ("Relevant LAC securities"). Relevant LAC securities are complex and highly risky and are not suitable for retail investors. The HKMA has finalised the sale and distribution restriction Relevant LAC securities in October 2018. Under the new restriction, Registered Institutions ("RIs") should stay vigilant and sell and distribute Loss-absorption Products only to PIs, in both primary and secondary markets.

We, along with other HK regulated entities, are required to comply with the LAC debt instruments restrictions. The restrictions apply to the primary and secondary market sale and distribution of "Loss-absorption Products as defined in Annex 1.

Restrictions around Issuance, listing and trading of Perpetual Debt Instruments and similar Instruments in India ("PDI")

Issuance, listing and trading of Perpetual Debt Instruments and similar instruments in India are regulated by Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Chapter V) read with the Operational Guidelines dated 10 August 2021, which state the conditions for issuance and listing of these instruments. Further, the operational guideline specifies that considering the nature and contingency of these instruments, Issuers and Stock Exchanges shall ensure that only Qualified Institutional Buyers ("QIBs") are allowed to participate in the issuance of these non-equity regulatory capital instruments (Chapter XIII). Further the face value of each such security issued / traded shall be INR 1crore.

Restrictions on CoCos in Thailand

Both the issuer and the CoCo securities need to be rated and they can only be sold to non-retail investors in Thailand i.e only to Institutional Investors and High Net Worth Investors, unless the issuer has been rated as investment grade.

Restrictions on Additional Tier 1 Capital Instruments (AT1s) in Australia

Marketing of the bank's own AT1 issuance to investors in Australia will require prior consultation with the Australian Prudential Regulation Authority.

Restrictions on Additional Tier 1 Capital Instruments (AT1s) in Korea

Marketing of the bank's (including its subsidiaries and affiliates) own AT1 issuance to an Ordinary investor in Korea as defined in the Financial Investment Services and Capital Markets Act is prohibited.

Restrictions on Total Loss-Absorbing Capacity ("TLAC") Debt Instruments in Taiwan

Formosa Bonds with TLAC nature can only be offered to Professional Institutional Investors as defined in the 'Regulations Governing Offshore Structured Products' issued by the Financial Supervisory Commission.

Undertakings and Acknowledgment of the stipulated Rules

By purchasing, or making or accepting an offer to purchase any Relevant CoCo Securities (or a beneficial interest in Relevant Securities, or for investment by a Relevant Securities Fund) and/or LAC/AT1 Securities/PDIs from the relevant issuer and/or us, you represent, warrant, agree with and undertake to us that:

- (1) you are not a retail client in the U.K or EEA (as defined in the rules set out in the PI Rules);
- (2) you are a QIB in India (as defined in the under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (3) you are not a retail client and are a professional investor ("PIs") in HK (as defined in the rules set out in Part 1 of Schedule 1 to the Securities and Futures Ordinance);
- (4) you are not a retail investor and are an Institutional or High Net Worth investor in Thailand as defined by the Securities and Exchange Commission of Thailand.
- (5) you are a Professional Institutional Investor in Taiwan (as defined in the Regulations Governing Offshore Structured Products')
- (6) Whether or not you are subject to the regulations set out in (1) to (5) above, you will not sell or offer Relevant Coco or LAC/AT1 Securities or PDI or any shares or units in a Relevant Securities Fund (or any beneficial interest therein) or PDI to retail clients in the U.K., EEA or retail clients and/or non-PIs in HK or retail and/or non QIBs in India or retail clients in Thailand or non-Professional Institutional Investors in Taiwan; nor communicate (including the distribution of any preliminary and/or final offering document relating to Relevant CoCo or LAC Securities or Relevant Securities Funds) or approve an invitation or inducement to participate in, acquire or underwrite the Relevant Securities or any shares or units in a Relevant Securities Fund (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA/UK or retail clients and/or non-PIs in HK or retail and/or non QIBs in India or retail clients in Thailand or non-Professional Institutional Investors in Taiwan ;
- (7) you will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside of the U.K., EEA, Hong Kong, India, Taiwan and Thailand) relating to the promotion, offering, distribution and/or sale of Relevant CoCo or LAC/AT1 Securities or PDI or any shares or units in a Relevant Securities Fund (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Relevant Securities or any shares or units in a Relevant Securities Fund by investors in any relevant jurisdiction.

Where you are acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Relevant CoCo Securities or PDI or any shares or units in a Relevant Securities Fund (or any beneficial interests therein), the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both you as agent and your underlying client(s).

You acknowledge that we will rely upon the truth and accuracy of the representations, warranties, agreements and undertakings set forth herein and set forth in any relevant investor letter and/or offering documentation prepared in connection with Relevant CoCo or LAC Securities or PDI or any Relevant Securities Fund and other substantially similar tier 1 capital securities (as described in the preceding paragraph). You also acknowledge that we are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby. This letter is additional to, and shall not replace, the obligations set out in any pre-existing general engagement terms entered into between you and us relating to the matters set out herein.

Your offer or agreement to buy any Relevant Securities or any shares or units in a Relevant Securities Fund (or any beneficial interests therein) will be evidence of your acceptance of the terms of this letter.

This letter also applies to any other persons representing any affiliates, subsidiaries, branches or other legal entities within your Group who transact with us in the Relevant Securities. This document is not an offer to sell or an invitation to buy any securities (including, without limitation, any Relevant Securities or any shares or units in a Relevant Securities Fund or any beneficial interests therein). Should you require any further information, please do contact us.

Yours faithfully

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¹ : The PI Rules are available here: <http://fshandbook.info/FS/>

Annex 1 – Loss Absorption Products

i) debt instruments with features of contingent write-down or conversion to ordinary shares on the occurrence of the following:

when a financial institution is near or at the point of non-viability; or

when the capital ratio of a financial institution falls to a specified level.

(ii) investment products that invest mainly in, or whose returns are closely linked to the performance of, instruments described in (i) above (for example, collective investment schemes which invest more than 50% of net asset value in instruments described in (i) above, or structured products whose returns are closely linked to the performance of instruments described in (i) above).