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交通銀行
BANK OF COMMUNICATIONS

交通銀行股份有限公司
Bank of Communications Co., Ltd.

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

(Stock Code: 03328)

ANNOUNCEMENT
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The Board announces that as the 2023 Interbank Transactions Master Agreement entered into between the Bank and HSBC will expire on 31 May 2026, the Bank and HSBC entered into the 2026 Interbank Transactions Master Agreement on 26 May 2026 for a term of three years commencing from 1 June 2026 and expiring on 31 May 2029, and set the annual caps for the continuing connected transactions contemplated thereunder for the two years ending 31 December 2028, the period from 1 June 2026 to 31 December 2026 and the period from 1 January 2029 to 31 May 2029, respectively.

HSBC beneficially holds approximately 16.00% of the total ordinary shares issued by the Bank and thus, is a substantial shareholder of the Bank. Therefore, HSBC, together with its subsidiaries and other associates are all connected persons of the Bank under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2026 Interbank Transactions Master Agreement will constitute continuing connected transactions of the Bank under the Hong Kong Listing Rules.

As each of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the annual caps for the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement exceeds 0.1%, but are all less than 5%, such transactions are only subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under the Hong Kong Listing Rules.

BACKGROUND

Members of the Group have regularly engaged in various kinds of transactions in the normal course of banking business with HSBC Members, including but not limited to Interbank Loans and Borrowings Transactions, Bond Transactions, Money Market Transactions, Foreign Currency Transactions, Other Financial Asset Transactions, Other Financial Service Transactions and Swaps and Options Transactions.

To regulate these on-going transactions, the Bank entered into the Interbank Transactions Master Agreement with HSBC on 1 June 2005, which was subsequently re-entered into by the parties on 16 June 2008, 30 June 2011, 29 April 2014, 28 April 2017, 29 May 2020 and 29 May 2023, respectively. Pursuant to the Interbank Transactions Master Agreements, members of the Group and HSBC Members agreed to conduct or enter into interbank transactions in the ordinary and usual course of business of both parties in accordance with applicable normal practice of the interbank market and on normal commercial terms.

As the 2023 Interbank Transactions Master Agreement will expire on 31 May 2026, the Bank and HSBC entered into the 2026 Interbank Transactions Master Agreement on 26 May 2026 for a term of three years commencing from 1 June 2026 and expiring on 31 May 2029. Details of the 2026 Interbank Transactions Master Agreement are as follows:

2026 INTERBANK TRANSACTIONS MASTER AGREEMENT

Date

26 May 2026

Parties

The Bank and HSBC

Term

2026 Interbank Transactions Master Agreement is for a term of three years commencing from 1 June 2026 and expiring on 31 May 2029.

Continuing Connected Transactions

Interbank Loans and Borrowings Transactions

The Bank and its subsidiaries enter into various Interbank Loans and Borrowings Transactions with HSBC Members in the ordinary and usual course of business of both parties and on normal commercial terms, under which either the Bank and its subsidiaries or HSBC Member acts as the lender and for which security is not provided by the borrower.

Bond Transactions

The Bank and its subsidiaries either purchase bonds from, or sell bonds to, HSBC Members in the ordinary and usual course of business of both parties and on normal commercial terms.

Money Market Transactions

The Bank and its subsidiaries, in accordance with the normal practice of the relevant markets, purchase from and sell to HSBC Members certain exchange fund bills and notes issued by the Hong Kong Monetary Authority and other money market instruments in the ordinary and usual course of business of both parties.

Foreign Currency Transactions

The Bank and its subsidiaries regularly enter into Foreign Currency Transactions with HSBC Members in the ordinary and usual course of business of both parties and on standard terms of the foreign exchange market.

Other Financial Asset Transactions

The Bank and its subsidiaries and HSBC Members enter into various Other Financial Asset Transactions in the ordinary and usual course of business of both parties and on normal commercial terms.

Other Financial Service Transactions

The Bank and its subsidiaries and HSBC Members enter into various Other Financial Service Transactions in the ordinary and usual course of business of both parties and on normal commercial terms.

Swaps and Options Transactions

The Bank and its subsidiaries and HSBC Members enter into various Swaps and Options Transactions in the ordinary and usual course of business of both parties and on normal commercial terms.

Pricing Principles

The parties agree that each transaction under the 2026 Interbank Transactions Master Agreement shall be conducted or entered into in accordance with applicable normal practice of the interbank market and on normal commercial terms. As to each transaction under the 2026 Interbank Transactions Master Agreement, where there are applicable laws or regulations or promulgations by or notices from applicable regulatory authorities fixing the prices or rates for the transaction, such fixed price or rate shall apply; and where there is no fixed price or rate, for open market transactions, reference will be made to the prevailing market prices and it shall be determined on an arm's length basis and on normal commercial terms. While for the other types of transactions (such as over-the-counter transactions), it shall be determined, on an arm's length basis and on normal commercial terms, and with reference to the prices or rates the parties would quote to each other or to independent counterparties (of equivalent credit worthiness as the parties) with respect to the particular type of transaction concerned (if applicable) and the risk management policies of both parties with respect to the transaction concerned.

HISTORICAL FIGURES

In view of the similar nature of the above-mentioned transactions, such transactions will be aggregated and treated as if they were one transaction under the Hong Kong Listing Rules. The transaction amount for the continuing connected transactions conducted between the Group and HSBC Members under the Interbank Transactions Master Agreement for the three years ended 31 December 2025 and for the period from 1 January 2026 to 31 March 2026 is as follows:

Transaction Amount	For the period from 1 January 2023 to 31 December 2023 *(RMB million)* (Note 1)	For the year ended 31 December 2024 *(RMB million)*	For the year ended 31 December 2025 *(RMB million)*	For the period from 1 January 2026 to 31 March 2026 *(RMB million)* (unaudited)
Realized gains	832 (1 Jan – 31 May 2023) 1,661 (1 Jun – 31 Dec 2023)	4,401	5,265	1,945
Realized losses	1,780 (1 Jan – 31 May 2023) 2,078 (1 Jun – 31 Dec 2023)	3,921	5,523	1,992
Unrealized gains	376 (1 Jan – 31 May 2023) 1,042 (1 Jun – 31 Dec 2023)	927	1,480	2,237
Unrealized losses	926 (1 Jan – 31 May 2023) 812 (1 Jun – 31 Dec 2023)	1,907	1,885	600
Fair Value of the Foreign Currency Transactions, Other Financial Asset Transactions, and Swaps and Options Transactions (whether recorded as assets or liabilities)	10,989	9,718	7,972	2,551

Note:

1. Regarding realized gains/losses and unrealized gains/losses, transactions from 1 January 2023 to 31 May 2023 were conducted under the 2020 Interbank Transactions Master Agreement, whereas transactions from 1 June 2023 to 31 December 2023 were conducted under the 2023 Interbank Transactions Master Agreement. The corresponding transaction amounts were ascertained in accordance with the respective applicable agreements and have been presented separately.

The annual caps under the Interbank Transactions Master Agreement for the three years ended 31 December 2025 and for the period from 1 January 2026 to 31 May 2026 are as follows:

Historical Annual Caps	For the year ended 31 December 2023 *(RMB million)*	For the year ended 31 December 2024 *(RMB million)*	For the year ended 31 December 2025 *(RMB million)*	For the period from 1 January 2026 to 31 May 2026 *(RMB million)*
Realized gains	12,646	13,376	13,376	5,573
Realized losses	12,646	13,376	13,376	5,573
Unrealized gains	12,646	13,376	13,376	5,573
Unrealized losses	12,646	13,376	13,376	5,573
Fair Value of the Foreign Currency Transactions, Other Financial Asset Transactions, and Swaps and Options Transactions (whether recorded as assets or liabilities)	18,339	19,009	19,009	7,920

The Directors have been monitoring the transaction amount contemplated under the Interbank Transactions Master Agreement, and the annual cap for each of the three years ended 31 December 2025 has not been exceeded. Based on information currently available and reasonable estimates, the annual cap for the transactions contemplated under the 2023 Interbank Transactions Master Agreement for period from 1 January 2026 to 31 May 2026 has not been and is not expected to be exceeded.

EXPECTED ANNUAL CAPS

The Directors expect the annual caps for the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement for the two years ending 31 December 2028, and for the period from 1 June 2026 to 31 December 2026 and the period from 1 January 2029 to 31 May 2029, respectively as follows:

Expected Annual Caps	**For the period from 1 June 2026 to 31 December 2026** *(RMB million)*	**For the year ended 31 December 2027** *(RMB million)*	**For the year ended 31 December 2028** *(RMB million)*	**For the period from 1 January 2029 to 31 May 2029** *(RMB million)*
Realized gains	7,591	13,014	13,014	5,422
Realized losses	7,591	13,014	13,014	5,422
Unrealized gains	7,591	13,014	13,014	5,422
Unrealized losses	7,591	13,014	13,014	5,422
Fair Value of the Foreign Currency Transactions, Other Financial Asset Transactions and Swaps and Options Transactions (whether recorded as assets or liabilities)	16,069	27,547	27,547	11,477

In setting the annual caps for the transactions under the 2026 Interbank Transactions Master Agreement for each of the above periods, the Directors have taken into account a number of factors, including (i) the historical transaction amount for the transactions under the Interbank Transactions Master Agreement for the preceding three years and the period from 1 January 2026 to 31 March 2026; (ii) transactions under the 2026 Interbank Transactions Master Agreement involves activities that may vary from year to year due to a number of external reasons that are beyond the control of the Group, including the unexpected fluctuations of the financial markets; (iii) the Bond Transactions are subject to the turnover and price volatilities of the domestic and global securities markets; (iv) the Foreign Currency Transactions are subject to the strength of relevant currencies traded and some of those transactions are in fact driven by customer demands and entered into for the purpose of foreign exchange risk management; (v) the Other Financial Asset Transactions are affected by fluctuations in the prices of the financial assets traded; and (vi) the Group's demands for the Money Market Transactions are mainly driven by its capital flow and liquidity requirements.

The continuing connected transactions under the 2026 Interbank Transactions Master Agreement are subject to the regulations of various financial regulatory authorities in different regions, the revenue or loss is mainly determined by relative strength of currency, trend of interest rates and exchange rates in the global financial markets, and may therefore subject to significant changes as a results of the changes in the market prices and beyond the control of the Group. The above annual caps are conducive for the Group to responding more flexibly to future unpredictable fluctuations in financial markets.

The Directors (including the independent non-executive Directors) consider the annual caps for the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement for the two years ending 31 December 2028, and for the period from 1 June 2026 to 31 December 2026 and the period from 1 January 2029 to 31 May 2029 are fair and reasonable and in line with the interests of the Bank and its shareholders as a whole.

INTERNAL CONTROL MEASURES

To ensure the Group's conformity with the pricing policies in relation to the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement, the Bank adopts the following internal control policies:

(1). The Bank has formulated a connected transaction management system to ensure that all connected transactions of the Group are effectively managed and controlled. The connected transactions of the Group will be conducted in accordance with the principles, rules and procedures set out in the management system. After entering into the 2026 Interbank Transactions Master Agreement, the continuing connected transactions contemplated thereunder shall be strictly in compliance with the approved terms and conditions. Implementation agreements of the 2026 Interbank Transactions Master Agreement shall be performed in strict compliance with the pricing principles set out in the 2026 Interbank Transactions Master Agreement. If revision of such terms and conditions is required due to change of actual situation, it is required to re-perform appropriate approval process.

(2). Before entering into any implementation agreements under the 2026 Interbank Transactions Master Agreement, the Bank and members of the Group will review the specific terms and compare with those under the comparable transactions so as to ensure the pricing and/or other terms are entered into on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable as well as in line with the interests of the Bank and its shareholders as a whole.

(3). The Bank has established a connected transaction monitoring system which enables the Bank to regularly assess, track and monitor, including but not limited to, the fair values (whether recorded as assets or liabilities) of the Foreign Currency Transactions, Other Financial Asset Transactions and Swaps and Options Transactions, as well as the gains and losses from trading activities with HSBC Members. The Bank will ensure that the annual caps set for the transactions contemplated under the 2026 Interbank Transactions Master Agreement will not be exceeded by adopting the above-mentioned measures. If the transaction amount generated or to be generated under the continuing connected transactions under the 2026 Interbank Transactions Master Agreement is expected to meet or exceed the relevant annual caps, measures will be taken so as to ensure compliance with the requirements under the Hong Kong Listing Rules, including the approval of the independent shareholders (if required).

(4). The Bank will implement related party/connected transactions management in accordance with the Hong Kong Listing Rules and relevant regulations for the administration of the Bank's related party/connected transactions to ensure that all the continuing related party/connected transactions are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable and in line with the interests of the Bank and its shareholders as a whole.

(5). The independent non-executive Directors will review the continuing connected transactions pursuant to the Hong Kong Listing Rules on an annual basis to ensure all transactions contemplated under the 2026 Interbank Transactions Master Agreement are entered into on normal commercial terms or better, are fair and reasonable, the terms and conditions available to the Group are no less favorable than those available to independent third parties, and such transactions are carried out pursuant to the terms of the 2026 Interbank Transactions Master Agreement.

(6). The external auditors of the Bank will continue to review the continuing connected transactions on an annual basis and will provide a letter to the Board confirming the matters required under the Hong Kong Listing Rules including whether the continuing connected transactions are carried out in accordance with the relevant pricing policies.

REASONS FOR ENTERING INTO THE 2026 INTERBANK TRANSACTIONS MASTER AGREEMENT

The 2026 Interbank Transactions Master Agreement regulates the on-going interbank transactions between members of the Group and HSBC Members and ensures, by way of agreement between the parties, that the existing interbank transactions between members of the Group and HSBC Members will be conducted in accordance with applicable normal practice of the interbank market and on normal commercial terms.

Given that HSBC is one of the largest banks in Hong Kong and a leading market maker for money markets, bonds, foreign exchanges and interest rate instruments in Hong Kong and elsewhere, most major banking groups, including the Group, would enter into transactions with HSBC Members in their respective ordinary and usual course of business.

The Directors (including the independent non-executive Directors) are of the view that the 2026 Interbank Transactions Master Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the 2026 Interbank Transactions Master Agreement as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable and in the interests of the Bank and its shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

HSBC beneficially holds approximately 16.00% of the total ordinary shares issued by the Bank and thus, is a substantial shareholder of the Bank. Therefore, HSBC, together with its subsidiaries and other associates are all connected persons of the Bank under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2026 Interbank Transactions Master Agreement will constitute continuing connected transactions of the Bank under the Hong Kong Listing Rules.

Pursuant to Rule 14A.87(1) (namely financial assistance provided by a banking company in its ordinary and usual course of business to a connected person on normal commercial terms) and Rule 14A.90 (namely financial assistance provided by a connected person on normal commercial terms or better to the listed issuer where it is not secured by the assets of the listed issuer's group) of the Hong Kong Listing Rules, the above-mentioned Interbank Loans and Borrowings Transactions contemplated under the 2026 Interbank Transactions Master Agreement will be exempt from complying with the reporting, annual review, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

The expected annual cap of the realized gains, realized losses, unrealized gains and unrealized losses is used as an indicator to calculate the revenue ratio and the consideration ratio (as defined under the Hong Kong Listing Rules) of the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement; and the fair value of the Foreign Currency Transactions, Other Financial Asset Transactions, and Swaps and Options Transactions (whether recorded as assets or liabilities) entered into between the members of the Group and HSBC Members is used as an indicator to calculate the assets ratio and the consideration ratio (as defined under the Hong Kong Listing Rules) of the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement. As each of the above-mentioned applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) calculated accordingly exceeds 0.1% but are all less than 5%, such continuing connected transactions are only subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under the Hong Kong Listing Rules.

Since Mr. Liao, Yi Chien David and Mr. Chan Siu Chung are also employed by HSBC, they are deemed to have material interests in the continuing connected transactions contemplated under the 2026 Interbank Transactions Master Agreement and have abstained from voting on the relevant resolution at the Board meeting. Other than the Directors mentioned above, none of the other Directors have a material interest in such continuing connected transactions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save as disclosed above, there is no other continuing connected transaction entered into between the Bank and HSBC and its ultimate beneficial owner(s) or related to the 2026 Interbank Transaction Master Agreement, which would be required to aggregate with the transactions contemplated under the 2026 Interbank Transactions Master Agreement in accordance with Rule 14A.81 of the Hong Kong Listing Rules.

GENERAL INFORMATION OF THE BANK AND HSBC

The Bank is principally engaged in banking and related financial businesses, including corporate banking, personal banking and inter-bank and financial market businesses.

HSBC was founded in 1866 and mainly provides comprehensive local and international banking services and related financial services in the Asia-Pacific region. Its Co-Chief Executives are Mr. Liao, Yi Chien David and Mr. Surendra Rosha and its registered office is situated at 1 Queen's Road Central, Central, Hong Kong Special Administrative Region. HSBC is the founding member of the HSBC group. HSBC Holdings plc, the parent company of the HSBC group, is headquartered in London. HSBC group operates in 56 markets and serves approximately 41 million customers globally. With assets of US$3.2 trillion as of 31 December 2025, HSBC group is one of the largest banking and financial services organizations in the world.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"associate(s)"	has the meaning as ascribed under the Hong Kong Listing Rules
"Bank"	Bank of Communications Co., Ltd. (交通銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively
"Board"	the board of directors of the Bank
"Bond Transactions"	sales and purchases of bonds on the interbank bond market
"Director(s)"	the directors of the Bank
"Foreign Currency Transactions"	sales and purchases of foreign currency
"Group"	the Bank and its subsidiaries
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited
"HSBC Member(s)"	HSBC and its subsidiaries and other associates, each of them a HSBC Member
"Interbank Loans and Borrowings Transactions"	loans and borrowings between the participants of the interbank market, under which either party may act as the lender and for which security is not provided by the borrower
"Interbank Transactions Master Agreement"	the interbank transactions master agreement entered into by the Bank and HSBC on 1 June 2005, which was subsequently re-entered into by the parties on 16 June 2008, 30 June 2011, 29 April 2014, 28 April 2017, 29 May 2020, 29 May 2023 and 26 May 2026, respectively
"Money Market Transactions"	sales and purchases of exchange fund bills and notes issued by the Hong Kong Monetary Authority and other money market instruments
"Monitoring System"	the connected transactions monitoring and statistics system adopted by the Bank to assess, track and monitor all transactions with connected persons, including those entered into with HSBC Members

"Other Financial Asset Transactions"	financial asset transactions other than Bond Transactions, Foreign Currency Transactions, Money Market Transactions and Swaps and Options Transactions, including but not limited to commodity spot and forward transactions and bills rediscounting transactions and other financial asset transactions conducted on normal commercial terms in the ordinary course of business of the Group and HSBC Members
"Other Financial Service Transactions"	current or future interbank intermediary service transactions conducted on normal commercial terms such as underwriting, custody, product distribution, consignment agency, depository, etc.
"RMB"	Renminbi, the lawful currency of the PRC
"Swaps and Options Transactions"	currency swaps, interest rate swaps, commodity swaps, currency options and swaptions, which transactions are or will be entered into on either an agency or own account basis
"2020 Interbank Transactions Master Agreement"	the Interbank Transactions Master Agreement entered into by the Bank and HSBC on 29 May 2020
"2023 Interbank Transactions Master Agreement"	the Interbank Transactions Master Agreement entered into by the Bank and HSBC on 29 May 2023
"2026 Interbank Transactions Master Agreement"	the Interbank Transactions Master Agreement entered into by the Bank and HSBC on 26 May 2026

By order of the Board of
Bank of Communications Co., Ltd.
He Zhaobin
Company Secretary

Shanghai, the PRC
26 May 2026

As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Zhang Baojiang, Mr. Yin Jiuyong, Mr. Zhou Wanfu, Mr. Chang Baosheng, Mr. Liao, Yi Chien David*, Mr. Chan Siu Chung*, Mr. Mu Guoxin*, Mr. Ai Dong*, Mr. Zhang Xiangdong#, Ms. Li Xiaohui#, Mr. Ma Jun#, Mr. Wong Tin Chak#, Mr. Xiao Wei# and Ms. Liu Ruixia#.*

* *Non-executive directors*
\# *Independent non-executive directors*