

# Dah Sing Bank, Limited

## Regulatory Disclosures - Capital Disclosures

### Composition of capital

The major terms and conditions of the instruments included in the Bank's consolidated capital base as at 28 February 2017 are as follows:

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
1	Issuer	Dah Sing Bank, Limited			
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	XS0483583737	XS1021008328	XS1515027412
3	Governing law(s) of the instrument	Hong Kong law	English law, except that the provisions of the above notes relating to subordination shall be governed by the laws of Hong Kong.		
	<i>Regulatory treatment</i>				
4	Transitional Basel III rules#	Common Equity Tier1 Capital	Tier 2 Capital	Not applicable	Not applicable
5	Post-transitional Basel III rules+	Common Equity Tier1 Capital	Ineligible	Tier 2 Capital	Tier 2 Capital
6	Eligible at solo*/ group/ solo and group	Solo and Group			
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Subordinated debt instrument	Subordinated debt instrument	Subordinated debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$6,200 million	HK\$873 million	HK\$1,732 million	HK\$1,934million
9	Par value of instrument	HK\$6,200 million	US\$225,000,000	US\$225,000,000	US\$250,000,000
10	Accounting classification	Shareholders' equity	Liability at fair value hedge (for hedging interest rate risk)		
11	Original date of issuance	Note (1)	11 Feb 2010	29 Jan 2014	30 Nov 2016
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	11 Feb 2020	29 Jan 2024	30 Nov 2026
14	Issuer call subject to prior supervisory approval	Not applicable	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	No	Optional call date: Nil  The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par for taxation reasons on interest payment date.	First optional call date: 29 Jan 2019  The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	First optional call date: 30 Nov 2021  The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.

## Composition of capital (Continued)

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Any interest payment dates after the first call date	Any interest payment dates after the first call date
<i>Coupons/ dividends</i>					
17	Fixed or floating dividend/ coupon	Not applicable	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not applicable	6.625%	5.25% -Fixed rate for the period from 29 Jan 2014 to 28 Jan 2019.  From 29 Jan 2019 to 28 Jan 2024, fixed interest rate will be reset based on prevailing 5-year U.S. Treasury Rate on the calculation business day preceding 29 Jan 2019 plus 375 basis points.	4.25% -Fixed rate for the period from 30 Nov 2016 to 29 Nov 2021.  From 30 Nov 2021 to 29 Nov 2026, fixed interest rate will be reset based on prevailing 5-year U.S. Treasury Rate on the calculation business day preceding 30 Nov 2021 plus 255 basis points.
19	Existence of a dividend stopper	Not applicable	No		
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory		
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative			
23	Convertible or non-convertible	Non-convertible			
24	If convertible, conversion trigger (s)	Not applicable			
25	If convertible, fully or partially	Not applicable			
26	If convertible, conversion rate	Not applicable			
27	If convertible, mandatory or optional conversion	Not applicable			
28	If convertible, specify instrument type convertible into	Not applicable			
29	If convertible, specify issuer of instrument it converts into	Not applicable			
30	Write-down feature	No		Yes	

**Composition of capital (Continued)**

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
31	If write-down, write-down trigger(s)		Not applicable	<p>If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event notice, irrevocably (without the need for the consent of the holders of the Dated Subordinated Notes) reduce the then prevailing principal amount and cancel any accrued but unpaid interest of each Dated Subordinated Note (in each case in whole or in part) by an amount equal to the Non-Viability Event write-off amount per Dated Subordinated Note.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the HKMA notifying the Bank in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the HKMA notifying the Bank 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 Bank would become non-viable.</p>	<p>If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event notice, irrevocably (without the need for the consent of the holders of the Dated Subordinated Notes) reduce the then prevailing principal amount and cancel any accrued but unpaid interest of each Dated Subordinated Note (in each case in whole or in part) by an amount equal to the Non-Viability Event write-off amount per Dated Subordinated Note.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the HKMA notifying the Bank in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the HKMA notifying the Bank 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 Bank would become non-viable.</p>

**Composition of capital (Continued)**

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
32	If write-down, full or partial	Not applicable		Full or partial	Full or partial
33	If write-down, permanent or temporary	Not applicable		Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable			
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The rights of holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of preference shareholders.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, rank  (a) subordinate and junior in right of payment to, and to all claims of: (A) all unsubordinated creditors of the Bank (including its depositors); and (B) all other Subordinated Creditors of the Bank whose claims are stated to rank senior to the Dated Subordinated Notes or rank senior to the Dated Subordinated Notes by operation of law or contract;  (b) <i>pari passu</i> in right of payment to and of all claims of Parity Obligations; and  (c) senior in right of payment to and of: (A) all claims of Junior Obligations; and (B) creditors in respect of Tier 1 capital instruments of the Bank.

**Composition of capital (Continued)**

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
35					<p>“Parity Obligation” means any instrument or other obligation issued, entered into, or guaranteed by the Bank that constitutes or qualifies as a Tier 2 capital instrument under applicable capital regulations or that ranks or is expressed to rank <i>pari passu</i> with the Dated Subordinated Notes by operation of law or contract.</p> <p>“Junior Obligation” means the Shares, and any other class of the Bank’s share capital and any instrument or other obligation issued or guaranteed by the Bank that ranks or is expressed to rank junior to the Dated Subordinated Notes by operation of law or contract.</p>
36	Non-compliant transitioned features	No	Yes	No	
37	If yes, specify the non-compliant features	Not applicable	Without write-down/convertible features	Not applicable	

## Composition of capital (Continued)

Note:

(1) The original dates of issuance of the Bank's Common Equity Tier 1 capital are as follows:

Date of issue	Ordinary shares issued HK\$'000
Before year 2010	3,600,000
31 May 2011	1,000,000
18 December 2012	400,000
30 May 2014	<u>1,200,000</u>
	<u>6,200,000</u>

Notes:

# Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

\* Include solo-consolidated

△ The Financial Institutions (Resolution) 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. It is expected that all licensed banks in Hong Kong will be subject to such legislation when it comes into effect.

Under the Ordinance, each holder and the agents shall be subject, and shall be deemed to agree and acknowledge that they are each subject, to the exercise of any Hong Kong Bail-in 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:

- the reduction or cancellation of all or a part of the principal amount of, or interest on, the Dated Subordinated Notes;
- the conversion of all or a part of the principal amount of, or interest on, the Dated Subordinated Notes 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 Dated Subordinated Notes; and
- the amendment or alteration of the maturity of the Dated Subordinated Notes or amendment or alteration of the amount of interest payable on the Dated Subordinated Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period, or any other amendment or alteration of these conditions.

"Hong Kong Bail-in Power" means any power which may exist from time to time under the Ordinance, or any other laws, regulations, rules or requirements relating to the resolution of financial institutions 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 Bank's Group.