

Terms and Conditions

The issue of the HK\$1,400,000,000 2.86 per cent. non-cumulative subordinated perpetual capital securities (the “**Capital Securities**”) was authorised by resolutions of the Board of Directors (the “**Board**”) of DBS Bank (Hong Kong) Limited (the “**Issuer**”) passed on 27 July 2021 and 4 January 2022. The Capital Securities are constituted by a capital securities instrument (as amended or supplemented from time to time, the “**Capital Securities Instrument**”) executed by the Issuer on 13 January 2022.

1 Form, Specified Denomination and Title

The Capital Securities are issued in the specified denomination of HK\$1,000,000.

The Capital Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Capital Securities by the same holder.

Title to the Capital Securities shall pass by registration in the Issuer’s Register of Securityholders (the “**Register**”) to be kept by the Issuer at its registered office or at a place in Singapore authorised by the Directors. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Capital Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Securityholder**” and “**holder**” means the person in whose name a Capital Security is registered.

2 Transfers of Capital Securities

- (a) **Transfer:** A holding of Capital Securities may, subject to Condition 2(e), be Transferred in whole or in part upon the surrender (at the registered office of the Issuer) of the Certificate(s) representing such Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Issuer may reasonably require. In the case of a transfer of part only of a holding of Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part Transferred and a further new Certificate in respect of the balance of the holding not Transferred shall be issued to the transferor. In the case of a Transfer of Capital Securities to a person who is already a holder of Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (b) **Restrictions on Transfer:** Each Capital Security may only be Transferred with the prior consent of the Issuer (such consent not to be unreasonably withheld) and at least seven business days’ notice of such intended transfer shall be provided by the transferring Securityholder to the Issuer.

In this Condition 2:

“**Transfer**” means to sell, transfer or assign, in whole or in part or agree to do either of the foregoing and “**Transferred**” has a corresponding meaning.

- (c) **Delivery of New Certificates:** Each new Certificate to be issued upon a Transfer of Capital Securities will (following execution in manual or facsimile form by two authorised signatories of the Issuer), within seven business days (as defined below) of receipt by the Issuer of the duly completed form of transfer, be mailed by uninsured post at the risk

of the holder entitled to the Capital Securities to the address specified in the form of transfer or as otherwise agreed between the Issuer and the holder.

- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer or exercise of an option, shall be issued and registered without charge by or on behalf of the Issuer, but only upon payment of any tax or other governmental charges that may be imposed in relation to it.
- (e) **Closed Periods:** No Securityholder may require the transfer of a Capital Security to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Capital Security, (ii) after any such Capital Security has been called for redemption; (iii) during the period of 15 days ending on (and including) any date on which payment is due; or (iv) during a Suspension Period.

In these Conditions:

“**Suspension Period**” means the period commencing on the business day immediately following the date of a Trigger Event Notice (as defined in Condition 6(b)) or a Resolution Notice (as defined in Condition 6(c)) and ending on:

- (i) in the event that a Trigger Event Notice is issued, the earlier of the close of business in Hong Kong on the date on which the Issuer has:
 - (A) reflected the relevant Write-off (as defined in Condition 6(a)) in the Register; and
 - (B) issued a new Certificate (as the case may be) to such Securityholder in respect of the related Write-off; or
- (ii) in the event that a Resolution Notice is issued, when the relevant Hong Kong Resolution Authority Power (as defined in Condition 6(c)) in respect of the Capital Securities has been effected.

3 Status

- (a) **Status:** 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 in Condition 3(c).
- (b) **Qualification:** The Capital Securities are intended to qualify as Additional Tier 1 capital under the Capital Rules.
- (c) **Subordination:** 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 (as described under Condition 4) on the Capital Securities and any other obligations in respect of the Capital Securities will rank (i) subordinate and junior in right of payment to, and of all claims of, (A) all unsubordinated creditors of the Issuer (including its depositors), (B) creditors in respect of Tier 2 Capital Instruments of the Issuer, and (C) all other Subordinated Creditors of the Issuer whose claims (x) are stated to rank senior to the Capital Securities or (y) rank senior to the Capital Securities by operation of law or contract; (ii) *pari passu* in right of payment to and of all claims of Parity Obligations; and (iii) senior in right of payment to and of all claims of Junior Obligations, in each case, present and future. In the event that:

- (i) the Securityholders do not receive payment in full of principal due and payable in respect of the Capital Securities plus Distributions thereon accrued to the date of repayment in any Winding-Up of the Issuer; and
- (ii) the winding-up order or resolution passed for the Winding-Up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative,

then to the extent that such Securityholder did not receive payment in full of such principal of and Distributions on the Capital Securities, such unpaid amount shall remain payable in full; provided that payment of such unpaid amount shall be subject to the provisions under this Condition 3 and Condition 11.

In these Conditions:

“Additional Tier 1 Capital Instruments” means any instrument, security or other obligation issued or entered into by the Issuer that constitutes Additional Tier 1 capital (or its equivalent) of the Issuer on an unconsolidated basis pursuant to the relevant requirements set out in the Capital Rules or that ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Capital Securities;

“Authorized Institution” has the meaning given to that term in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);

“Capital Rules” means the Banking (Capital) Rules (Chapter 155L of the Laws of Hong Kong) or any supervisory guidance made by the Monetary Authority in relation thereto, in each case as amended, supplemented or replaced from time to time;

“Junior Obligation” means (i) any Share and (ii) any class of the Issuer’s share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, junior to a Capital Security;

“Monetary Authority” means the Monetary Authority appointed under Section 5A of the Exchange Fund Ordinance (Chapter 66 of the Laws of Hong Kong) or any successor thereto or such other authority having primary bank supervisory authority with respect to the Issuer from time to time;

“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 Rules 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 shares 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 is 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 Instruments**” means any instrument, security or other obligation issued or entered into by the Issuer that constitutes Tier 2 capital (or its equivalent) of the Issuer on an unconsolidated basis pursuant to the relevant requirements set out in the Capital Rules or that ranks or is expressed to rank, by its terms or by operation of law, senior to the Capital Securities; and

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

- (d) **Set-off and Payment Void:** Subject to applicable law, no Securityholder may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities. Each Securityholder shall, by acceptance of any Capital Security be deemed to have waived all such rights of set-off, counterclaim or retention to the fullest extent permitted by law. If, at any time, any Securityholder receives payment or benefit of any sum in respect of the Capital Securities (including any benefit received pursuant to any such set-off, counter-claim or retention) other than in accordance with the second paragraph of Condition 11(b), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder, by acceptance of such Capital Security, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Securityholder to the Issuer upon demand by the Issuer or, in the event of the winding-up of the Issuer, the liquidator of the Issuer. Any sum so paid or returned shall then be treated for purposes of the Issuer’s obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Capital Securities.

4 **Non-Cumulative Distribution**

- (a) **Accrual of Distribution:** Subject to Condition 5, the Capital Securities confer a right to receive distributions (each a “**Distribution**”) from (and including) the Issue Date at the applicable Distribution Rate, payable annually in arrear on 13 January in each year (each a “**Distribution Payment Date**”). If any Distribution Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day. 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 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 the day on which all sums due in respect of such Capital Security up to that day are received by or on behalf of the relevant Securityholder.

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.

No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to Condition 5(a) or Condition 5(b) 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) **Rate of Distribution:** 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) 13 January 2027 (the “**First Reset Date**”), 2.86 per cent. per annum of the principal amount of the Capital Securities; and
 - (ii) in respect of the period from (and including) a Reset Date to (but excluding) the immediately following Reset Date, the Relevant Reset Distribution Rate of the principal amount of the Capital Securities.

For the purposes of these Conditions:

“**business day**” means a day other than a Saturday, a Sunday or a public holiday on which commercial banks are open for business in Singapore and Hong Kong;

“**Initial Spread**” means 1.29 per cent.;

“**Relevant Reset Distribution Rate**” means a fixed rate per annum equal to the HK Dollar Swap Rate with respect to the relevant Reset Date plus the Initial Spread;

“**Reset Date**” means the First Reset Date and each date falling every five years after the First Reset Date; and

“**HK Dollar Swap Rate**” means HKD-ISDA-Swap Rate-11:00, as defined in 2006 Definitions as published by the International Swap and Derivatives Association, Inc. where:

- (i) “**Designated Maturity**” means 5 years; and
 - (ii) “**Reset Date**” means the relevant Reset Date (as set out in this Condition 4(b)).
- (c) **Benchmark Discontinuation:** If the Issuer determines that HK Dollar Swap Rate will cease or has ceased to be published by or on behalf of the administrator of the benchmark as a result of such benchmark rate ceasing to be calculated or administered when any Relevant Reset Distribution Rate (or the relevant component thereof) remains to be determined, then the Issuer and the Securityholders shall determine whether a successor or replacement of HK Dollar Swap Rate has replaced HK Dollar Swap Rate in customary market usage; or, if the Issuer and the Securityholders determine that there is no such rate, then they shall use such other rate as they agree is most comparable to HK Dollar Swap Rate. On agreeing such successor, replacement or alternative rate, the Issuer and the Securityholders shall use such rate going forward for the calculation of the Relevant Reset Distribution Rate and shall make any necessary further adjustments to the calculation of the Relevant Reset Distribution Rate to ensure there is no economic prejudice to the Securityholders by using such rate.
- (d) **Calculation of Distribution:** The Issuer will, on the second business day prior to each Reset Date, calculate the applicable Relevant Reset Distribution Rate payable in respect of each Capital Security. Distribution in respect of any Capital Security shall be calculated per HK\$1,000,000 in principal amount of the Capital Securities (the “**Calculation Amount**”). The amount of Distribution payable per Calculation Amount for any period shall be equal to the product of the Distribution Rate specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the

resulting figure to the nearest cent (half a cent being rounded upwards). The day–count fraction to be used will be the actual number of days in the relevant period divided by 365.

5 Distribution Restrictions

- (a) **Distribution Cancellation:** The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (such notice, a “**Distribution Cancellation Notice**”) of such election to the Securityholders in accordance with Condition 15 at least 10 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 5(a) and any failure to pay such Distribution shall not constitute a Default.
- (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, all or part of, as the case may be, the Distribution on the applicable Distribution Payment Date, 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 Distributable Reserves as at the relevant Distributable Reserves Determination Date; or
 - (ii) the Monetary Authority so directs the Issuer to cancel such Distribution 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.

The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 5(b) and any failure to pay such Distribution shall not constitute a Default.

For the purpose of these Conditions:

“**Companies Ordinance**” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or replaced from time to time;

“**Distributable Reserves**” means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 297 of the Companies Ordinance (the “**Available Amounts**”) as at the date of the Issuer's latest audited financial statements (which shall include, without limitation, net profits, retained earnings from prior years and reserves which may be distributed to shareholders of the Issuer, as subject to the Capital Rules); provided that if the Board reasonably believes that the Available Amounts as at any Distributable Reserves Determination Date will be:

- (i) lower than the Available Amounts as at the date of the Issuer's latest audited financial statements; and

- (ii) insufficient to pay the Distribution, or distributions or other payments (save for redemption payments) on any Additional Tier 1 Capital Instruments scheduled to be paid during the Issuer's then-current fiscal year,

then a Director shall be required to provide a certificate, on or prior to such Distributable Reserves Determination Date, to the holders which sets out the revised Available Amounts as at such Distributable Reserves Determination Date (which certificate shall be binding absent manifest error) and "**Distributable Reserves**" as at such Distributable Reserves Determination Date for the purposes of such Distribution shall mean the revised Available Amounts as set forth in such certificate; and

"**Distributable Reserves Determination Date**" means, with respect to any Distribution Payment Date, the day falling five business days prior to that Distribution Payment Date.

- (c) **Distributable Reserves:** Any Distribution may only be paid out of Distributable Reserves.

- (d) **Distribution Stopper:** If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of this Condition 5, the Issuer shall not:

- (i) declare or pay any dividends or other discretionary distributions in respect of the Shares (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of the Shares); and
- (ii) redeem, reduce, cancel, buy-back or acquire on a discretionary basis any Shares (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any Shares),

in each case, until (w) a redemption of all the outstanding Capital Securities has occurred; (x) the outstanding Capital Securities have been Written-off in their entirety; (y) the next scheduled Distribution has been paid in full (or an amount equivalent to the next scheduled Distribution has been paid, or irrevocably set aside in a separately designated trust account for payment to the Securityholders); or (z) 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 whole or in part) in accordance with this Condition 5 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 11) on the part of the Issuer.

6 Non-Viability Loss Absorption and Hong Kong Resolution Authority Power

- (a) **Write-off on a Trigger Event**

- (i) If a Trigger Event occurs, the Issuer shall, upon the issue of a Trigger Event Notice, irrevocably and without the need for the consent of the Securityholders, reduce the principal amount and cancel any accrued but unpaid Distribution of each Capital Security (in whole or in part) by an amount equal to the Trigger Event Write-off Amount per Capital Security (a "**Write-off**", and "**Written-off**" shall be construed accordingly). Once any principal or Distribution under a Capital Security has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue. No Securityholder may

exercise, claim or plead any right to any Trigger Event Write-off Amount, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such Trigger Event Write-off Amount. Any Write-off in accordance with this Condition 6 shall not constitute a Default.

Concurrently with the giving of a Trigger Event Notice, 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.

- (ii) If a Trigger Event Notice has been given in respect of the Capital Securities in accordance with this Condition 6, transfers of the Capital Securities shall not be permitted during the Suspension Period. From the date on which a Trigger Event Notice in respect of the Capital Securities in accordance with this Condition 6 is issued by the Issuer to the end of the Suspension Period, the Issuer shall not register any attempted transfer of any Capital Securities. As a result, such an attempted transfer will not be effective.
- (iii) Any reference in these Conditions to principal in respect of the Capital Securities shall refer to the principal amount of the Capital Securities reduced by any applicable Write-off(s).

(b) **Multiple Trigger Events and Write-offs in part:**

- (i) Where only part of the principal or Distribution of the Capital Securities is to be Written-off, the Issuer shall use reasonable endeavours to conduct any Write-off such that:
 - (A) Securityholders are treated ratably and equally; and
 - (B) the Write-off is conducted on a pro rata and proportionate basis concurrently with all other Additional Tier 1 Capital Instruments of the Issuer, to the extent that such Additional Tier 1 Capital Instruments are capable of being converted or written-down under any applicable laws and/or their terms of issue under circumstances analogous in these Conditions.

A write-off of any Common Equity Tier 1 Capital shall not be required before a Write-off of any Capital Securities can be effected in accordance with these Conditions.

- (ii) The Capital Securities may be subject to one or more Write-offs in part (as the case may be), except where such Capital Securities have been Written-off in its entirety.

For the purposes of these Conditions:

“Trigger Event” means the earlier of:

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

“Trigger Event Notice” means the notice specifying that a Trigger Event has occurred, which shall be issued by the Issuer not more than two business days after the occurrence of a Trigger Event to the Securityholders in accordance with Condition 15 and which shall state with reasonable detail the nature of the relevant Trigger Event and specify the Trigger Event Write-off Amount per Capital Security to be Written-off, details of each other Subordinated Capital Instrument on the Write-off Effective Date to be written-off or converted into ordinary shares in accordance with its terms, and the Write-off Effective Date;

“Trigger Event Write-off Amount” means the amount of Distribution and/or principal to be Written-off as the Monetary Authority may direct, or as the Issuer shall determine in accordance with the Monetary Authority, which is required to be Written-off for the Trigger Event to cease to continue. For the avoidance of doubt, the Write-off may be effected in full even in the event that the amount Written-off is not sufficient for the Trigger Event to cease to continue;

“Subordinated Capital Instrument” means any Junior Obligation or Parity Obligation which contain 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 Trigger 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; and

“Write-off Effective Date” means the date that will be specified as such in the applicable Trigger Event Notice as directed or approved by the Monetary Authority.

(c) **Hong Kong Resolution Authority Power:**

(i) Notwithstanding any other term of the Capital Securities, including without limitation Condition 6(a) or 6(b), or any other agreement or arrangement, each Securityholder shall be subject, and shall be deemed to agree, to be bound by and acknowledge that they are each subject to having the Capital Securities held by such Securityholder 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 principal amount of, or Distributions on, the Capital Securities;

(B) the conversion of all or a part of the 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.

- (ii) With respect to (A), (B) and (C) above of Condition 6(c)(i), references to principal and Distributions shall include payments of principal and Distributions that have 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 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.
- (iii) No repayment of the 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 with respect to the Capital Securities 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.
- (iv) 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 (a “**Resolution Notice**”) not more than two business days after the occurrence of such exercise of the Hong Kong Resolution Authority Power to the Securityholders in accordance with Condition 15.
- (v) Neither the reduction or cancellation, in part or in full, of the principal amount of, or Distributions on the Capital Securities, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of these Conditions or any other modification or change in form of the Capital Securities 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 a Default under Condition 11.

For the purposes of these Conditions:

“**FI Ordinance**” means the Financial Institutions (Resolution) Ordinance (Chapter 628 of the Laws of Hong Kong), as amended, supplemented or replaced from time to time;

“**Hong Kong Resolution Authority Power**” means any power which may exist from time to time under the FI 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 Issuer Group (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the FI 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 FI 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;

“**Issuer Group**” means the Issuer and its consolidated subsidiaries; and

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

7 Redemption and Purchase

- (a) **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 7.
- (b) **Redemption for Taxation Reasons:** Subject to Condition 7(e), 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 but not more than 60 days’ notice to the Securityholders (which notice shall be irrevocable), at the Redemption Amount, if:
 - (i) the Issuer has or will become obliged to pay Additional Amounts; or
 - (ii) payments of Distribution on the Capital Securities will or would be treated as “distributions” or dividends within the meaning of any act in respect of or relating to taxation in Hong Kong or would otherwise be considered as payments of a type that are non-deductible for income tax purposes in Hong Kong,

in each case 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 power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident) or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the Capital Securities, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, *provided that*, where the Issuer has or will become obliged to pay Additional Amounts, 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 were a payment in respect of the Capital Securities then due.

For the purposes of these Conditions:

“**Redemption Amount**” means the principal amount of the Capital Securities, together with, subject to Condition 5, Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

- (c) **Redemption at the Option of the Issuer:** Subject to Condition 7(e), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on or after the First Reset Date, on giving not less than 10 days’ irrevocable notice to the Securityholders (which notice shall be irrevocable), at the Redemption Amount.
- (d) **Redemption for Change of Qualification Event:** Subject to Condition 7(e), 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 but not more than 60 days’ notice to the Securityholders

(which notice shall be irrevocable), at the Redemption Amount, if a Change of Qualification Event has occurred and is continuing.

For the purposes of these Conditions:

“Change of Qualification Event” means as a result of a change to the relevant requirements issued by the Monetary Authority in relation to:

- (i) the qualification of the Capital Securities as Additional Tier 1 capital (or its equivalent) of the Issuer on an unconsolidated basis pursuant to the relevant requirements set out in the Capital Rules; or
- (ii) the inclusion of the Capital Securities in the calculation of the capital adequacy ratios pursuant to the relevant requirements set out in the Capital Rules,

of the Issuer (**“Eligible Capital”**), which change or amendment:

- (A) becomes, or would become, effective on or after the Issue Date; or
- (B) in the case of a change to the relevant requirements issued by the Monetary Authority, if such change is issued by the Monetary Authority, on or after the Issue Date,

the Capital Securities (in whole or in part) would not qualify as Eligible Capital.

- (e) **Redemption Conditions:** Without prejudice to any provisions in this Condition 7, any redemption of Capital Securities by the Issuer is subject to the Issuer obtaining the prior approval of the Monetary Authority.
- (f) **Purchase:** The Issuer and any of its subsidiaries (with the prior approval of the Monetary Authority, for so long as the Issuer is required to obtain such approval) may at any time purchase the Capital Securities in the open market or otherwise at any price in accordance with all relevant laws and regulations. The Issuer or any such subsidiary may, at its option, retain such purchased Capital Securities for its own account and/or resell or cancel or otherwise deal with them at its discretion. The Capital Securities so purchased, while held by or on behalf of the Issuer or any such subsidiary, shall not entitle the holder to vote at any meetings of the Securityholders or for the purposes of Condition 12.

8 Payments

- (a) **Method of Payment:**
 - (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the registered office of the Issuer if no further payment falls to be made in respect of the Capital Securities represented by such Certificates) in the manner provided in paragraph (ii) below.
 - (ii) Distributions on each Capital Security shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the **“Record Date”**). Payments of Distributions on each Capital Security shall be made in Hong Kong dollars by transfer to an account maintained by the payee with a bank, details of which having been informed to the Issuer.

- (b) **Payments subject to Fiscal Laws:** All payments in respect of the Capital Securities are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Securityholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to a Hong Kong dollar account, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the last business day preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the registered office of the Issuer, on a business day on which the relevant Certificate is surrendered.
- (d) **Delay in Payment:** Securityholders will not be entitled to any Distribution or other payment for any delay after the due date in receiving the amount due on a Capital Security if the Securityholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (e) **Non-Business Days:** If any date for payment in respect of any Capital Security is not a business day, the holder shall not be entitled to payment until the next following business day nor to any Distribution or other sum in respect of such postponed payment.

9 Taxation

All payments of principal and Distributions by or on behalf of the Issuer in respect of the Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall result in the receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Capital Security:

- (a) **Other connection:** to, or to a third party on behalf of, a Securityholder who is (i) treated as a resident of Hong Kong or as having a permanent establishment in Hong Kong for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Capital Security by reason of his having some connection with Hong Kong other than the mere holding of the Capital Security or receiving income therefrom, or the enforcement thereof; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a Securityholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of residence or non-residence or claim for exemption whether to any tax authority in the place where the relevant Certificate representing the Capital Security is presented for payment or to any other party; or
- (c) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing the Capital Security is presented for payment more than 30 days after the Relevant Date except to the extent that the Securityholder would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day.

As used in these Conditions, “**Relevant Date**” in respect of any Capital Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Securityholders that, upon further presentation of the Capital Security (or relative Certificate) being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to “**principal**” and/or “**Distribution**” shall be deemed to include any Additional Amounts that may be payable under this Condition.

10 Prescription

Claims against the Issuer for payment in respect of the Capital Securities shall be prescribed and become void unless made within six years from the appropriate Relevant Date in respect of them.

11 Default

- (a) **Default:** “**Default**”, wherever used in this Condition 11, means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) failure to pay principal of or Distribution on any Capital Security (which default in the case of principal continues for seven business days and in the case of Distribution continues for 14 business days) after the due date for such payment.

If:

- (i) a Write-off has occurred pursuant to, or otherwise in accordance with, Condition 6; or
- (ii) an exercise of Hong Kong Resolution Authority Power has occurred in accordance with the FI Ordinance,

such event will not constitute a Default under these Conditions.

- (b) **Enforcement:** If a Default occurs in relation to the Capital Securities and is continuing, any Securityholder may institute Winding-Up Proceedings. The Securityholders shall have no right to enforce payment under or accelerate payment of any Capital Security in the case of such Default in payment on such Capital Security or a default in the performance of any other covenant of the Issuer in such Capital Security or the Capital Securities Instrument except as provided for in this Condition 11.

Subject to the subordination provisions as set out in Condition 3, if an order is made or an effective resolution is passed for the Winding-Up of the Issuer, there shall be payable on the Capital Securities, after the payment in full of all claims of (i) all unsubordinated creditors of the Issuer (including its depositors), (ii) creditors in respect of Tier 2 Capital Instruments of the Issuer, and (iii) all other Subordinated Creditors of the Issuer whose claims (x) are stated to rank senior to the Capital Securities or (y) rank senior to the Capital Securities by operation of law or contract, but in priority to holders of Junior Obligations, such amount remaining up to, but not exceeding, the nominal amount of the Capital Securities together with Distribution accrued to the date of repayment.

For the purposes of these Conditions:

“Winding-Up Proceedings” shall mean, with respect to the Issuer, proceedings in Hong Kong in respect of the Issuer for the bankruptcy, insolvency, liquidation, winding-up or similar proceedings in respect of the Issuer.

- (c) **Rights and Remedies upon Default:** If a Default in respect of the payment of principal of or Distribution on the Capital Securities occurs and is continuing, the sole remedy available to any Securityholder shall be the right to institute Winding-Up Proceedings. If the Issuer shall default in the performance of any obligation contained in the Capital Securities or the Capital Securities Instrument other than a Default specified in Condition 11(a) above, the Securityholders shall be entitled to every right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise, provided, however, that the Securityholders shall have no right to enforce payment under or accelerate payment of any Capital Security except as provided in this Condition 11. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Capital Securities or the Capital Securities Instrument, the payment of such money damages or other restitution shall be subject to the subordination provisions set out herein.

12 Modification and Waiver

The consent in writing of the Securityholders shall be required in order to give effect to any variation or abrogation of the rights, preferences and privileges of the Capital Securities or Securityholders by way of amendment of the Conditions or the Capital Securities Instrument or otherwise.

Notwithstanding any other provision of these Conditions, no modification to any Condition or the Capital Securities Instrument that could impact the eligibility of the Capital Securities as Additional Tier 1 Capital Instruments may be made without the approval of the Monetary Authority.

13 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced by the Issuer, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further securities either having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of Distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Capital Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Capital Securities.

15 Notices

The Issuer shall give notice to Securityholders in accordance with this Condition 15 of any change in the registered office of the Issuer.

Every Securityholder shall register with the Issuer an address and an electronic mail address to which notices can be sent and if any Securityholder shall fail to do so, notice may be given to such Securityholder by sending the same in the manner stated above to his last known place of business or electronic mail address or, if there be none, by posting up the same for three days at the registered office of the Issuer.

Any notice given under these Conditions to a Securityholder:

- (a) must be in writing addressed to the Securityholder at the address registered with the Issuer;
- (b) must be signed by a person duly authorised by the Issuer; and
- (c) will be taken to have been given or made:
 - (i) ***in the case of delivery in person***: when delivered personally or to the address registered with the Issuer;
 - (ii) ***in the case of post***: within (in the case of addresses in Hong Kong) two business days and (in the case of addresses outside Hong Kong) five business days after being sent by prepaid post; and
 - (iii) ***in the case of electronic mail***: when actually received in readable form.

16 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).

17 Governing Law and Jurisdiction

- (a) **Governing Law**: The Capital Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Hong Kong law.
- (b) **Jurisdiction**: The Courts of Hong Kong shall have exclusive jurisdiction to settle any disputes arising out of or in connection with the Capital Securities (including a dispute relating to the existence or validity of the Capital Securities or any non-contractual obligation arising out of or in connection with the Capital Securities) or the consequences of its nullity and accordingly any legal action or proceedings arising out of or in connection with any Capital Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Hong Kong and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Securityholders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).