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Dated 12 December 2017

**DBS BANK (HONG KONG) LIMITED**

as Borrower

and

**DBS GROUP HOLDINGS LTD**

as Lender

**LOAN AGREEMENT**

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**This Agreement** is dated as of 12 December 2017 and is made **between:**

- (1) **DBS Bank (Hong Kong) Limited** (the “**Borrower**”, which term includes its permitted successors and assigns); and
- (2) **DBS Group Holdings Ltd** (the “**Lender**”, which term includes its permitted successors and assigns).

**Whereas:**

- (A) The Borrower is regulated by the Monetary Authority (as defined in Clause 1) and is required to maintain capital to meet the capital adequacy requirements set out in the Capital Rules (as defined in Clause 1).
- (B) The Lender has agreed to extend the Tier 2 Loan (as defined in Clause 1) to the Borrower, on the terms and subject to the conditions contained in this Agreement.

**It is agreed** as follows:

## **1. Interpretation**

- (i) **Definitions:** In this Agreement:

“**Additional Tier 1 capital**” shall have the meaning ascribed to it in the Capital Rules;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in Hong Kong, New York City and Singapore;

“**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;

“**Date of Disbursement**” means 13 December 2017;

“**Event of Default**” means any event or circumstance specified in Clause 13 (*Event of Default*);

“**Group**” means the Borrower and its subsidiaries;

“**Hong Kong Resolution Authority Power**” means any power which may exist from time to time under the Ordinance relating to financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised, designated, recognised or licensed to conduct regulated financial activities in Hong Kong in effect and applicable in Hong Kong to the Borrower or other members of the Group (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the Ordinance) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to the Ordinance or otherwise), and pursuant to which obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person;

**“Interest Payment Date”** means 13 March, 13 June, 13 September and 13 December in each year;

**“Interest Period”** means the period starting on (and including) 13 December 2017 and ending on (but excluding) the following Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, the Repayment Date or the date of prepayment, as the case may be;

**“Margin”** means 1.62 per cent. per annum;

**“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;

**“Non-viability Trigger Event”** means the earlier of:

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

**“Non-viability Trigger Event Notice”** means the notice which shall be given by the Borrower to the Lender following the occurrence of a Non-viability Trigger Event, specifying that a Non-viability Trigger Event has occurred and which shall state with reasonable detail the nature of the relevant Non-viability Trigger Event and the Non-viability Trigger Event Write-off Amount;

**“Non-viability Trigger Event Write-off Amount”** means the aggregate amount of the Tier 2 Loan (and any accrued but unpaid interest thereon) to be Written-off for the Non-viability Trigger Event to cease to continue. For the avoidance of doubt, the Write-off will be effected in full even in the event that the amount Written-off is not sufficient for the Non-viability Trigger Event to cease to continue;

**“Ordinance”** means the Financial Institutions (Resolution) Ordinance (Chapter 628 of the Laws of Hong Kong);

**“Relevant Hong Kong Resolution Authority”** means any authority with the ability to exercise a Hong Kong Resolution Authority Power in relation to the Borrower from time to time;

**“Repayment Date”** means 13 December 2027;

**“Tier 1 capital”** shall have the meaning ascribed to it in the Capital Rules;

**“Tier 2 capital”** shall have the meaning ascribed to it in the Capital Rules; and

**“Tier 2 Loan”** means the US\$540,000,000 subordinated term loan granted by the Lender to the Borrower as specified in Clause 2, or the principal amount outstanding for the time being under this loan.

- (ii) **Headings:** Clause headings in this Agreement are inserted for ease of reference only and shall not affect the construction of this Agreement.

## 2. Tier 2 Loan and Purpose

- (i) On the terms and subject to the conditions of this Agreement, the Lender hereby agrees to lend to the Borrower, and the Borrower agrees to borrow from the Lender US\$540,000,000, such loan to be made on the Date of Disbursement.
- (ii) The Tier 2 Loan is expected to constitute Tier 2 capital of the Borrower.

## 3. Subordination of the Tier 2 Loan

- (i) The Tier 2 Loan, together with interest accrued thereon, constitutes direct, unsecured and subordinated obligations of the Borrower.
- (ii) The claims of the Lender against the Borrower in respect of the Tier 2 Loan and any interest accrued but unpaid thereon will be:
  - (a) subordinated in right of payment to the claims of all other general creditors of the Borrower (including depositors) except for the claims of holders of unsecured rights against the Borrower which are subordinated so as to rank either *pari passu* with, or junior to, the Tier 2 Loan (or any interest accrued but unpaid thereon);
  - (b) senior to the claims of holders of instruments eligible for inclusion in Tier 1 capital of the Borrower (on an unconsolidated basis) or that ranks or is expressed to rank, by its terms or by operation of law, junior to the Tier 2 Loan (or any interest accrued but unpaid thereon); and
  - (c) *pari passu* with the claims of holders of instruments eligible for inclusion in Tier 2 capital of the Borrower (on an unconsolidated basis) or that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Tier 2 Loan (or any interest accrued but unpaid thereon).
- (iii) In the event that a Non-viability Trigger Event occurs, the claims of the Lender against the Borrower in respect of the Tier 2 Loan and any interest accrued but unpaid thereon shall be subject to Clause 11.

## 4. Interest on the Tier 2 Loan

- (i) Subject to Clause 3, interest on the Tier 2 Loan will be payable in arrear by no later than 10.00 a.m. (New York time) on each Interest Payment Date in such manner as the Lender may from time to time direct. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed until the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day.
- (ii) The rate of interest in respect of the outstanding principal amount of the Tier 2 Loan from time to time (the “**Rate of Interest**”) will be calculated by the Lender. On the second business day before the beginning of each Interest Period (the “**Interest Calculation Date**”), the Lender will determine the offered rate (expressed as a rate per annum) for three-months US\$ deposits as at 11.00 a.m. (London time) on such Interest Calculation Date, as displayed on the Reuters Screen LIBOR01 Page (or such other page or service

as may replace it for the purpose of displaying such information). The Rate of Interest for such Interest Period shall be such offered rate as determined by the Lender plus the Margin. In this Clause 4(ii), "**business day**" means a day on which commercial banks and foreign exchange markets are open for general business in London.

- (iii) Interest shall accrue on the Tier 2 Loan in respect of all Interest Periods on the basis of a day-count fraction equal to the actual number of days elapsed in the relevant Interest Period divided by 360.

## **5. Payments**

All payments to be made pursuant to this Agreement shall be made to such bank account as may be agreed between the Borrower and the Lender from time to time.

## **6. Taxes**

All sums payable by the Borrower under this Agreement shall be paid:

- (a) free of any restriction or condition;
- (b) free and clear of and without any deduction or withholding on account of any tax; and
- (c) without deduction or withholding on account of any other amount, whether by way of set-off or otherwise except as required by law and the Borrower agrees with the Lender as a separate and independent obligation to pay to such account of the Lender any such sum.

In the event that any such withholding or deduction is so required, the Borrower will pay such additional amounts as will result in receipt by the Lender of such amounts as would have been received by the Lender had no such withholding or deduction been required.

## **7. Repayment of the Tier 2 Loan**

- (i) Subject to Clause 3, the Borrower shall repay the Tier 2 Loan by no later than 10.00 a.m. (New York time) on the Repayment Date. The Tier 2 Loan may not be repaid at the option of the Borrower other than in accordance with this Agreement.
- (ii) The Lender may not demand the Borrower to repay the Loan before the Repayment Date.

## **8. Prepayment at Borrower's Option**

- (i) Subject to the provisions of Clause 8(ii), the Borrower may, by giving not less than five Business Days' notice to the Lender at any time in accordance with Clause 21, elect to prepay the Tier 2 Loan in whole but not in part.
- (ii) Any prepayment of the Tier 2 Loan in accordance with this Clause 8 is subject to:
  - (a) no prepayment occurring prior to the date falling five years from the Date of Disbursement; and
  - (b) the prior written consent of the Monetary Authority, if then required, having been received.

## 9. Prepayment for Tax Reasons

Subject to the prior written consent of the Monetary Authority, if then required, having been received, the Borrower may, by giving not less than five Business Days' notice to the Lender, in accordance with Clause 21, elect to prepay the Tier 2 Loan in whole but not in part if:

- (i) on the occasion of the next payment of interest on the Tier 2 Loan, the Borrower:
  - (a) has or will become obliged to pay additional amounts as provided to or referred to in Clause 6; or
  - (b) is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities, 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 change in the application or official interpretation of such laws or regulations; and
- (ii) such obligations cannot be avoided by the Borrower taking reasonable measures available to it.

## 10. Prepayment for Regulatory Reasons

Subject to the prior written consent of the Monetary Authority, if then required, having been received, the Borrower may, by giving not less than 5 Business Days' notice to the Lender, in accordance with Clause 21, elect to prepay the Tier 2 Loan in whole but not in part if the Borrower satisfies the Lender that for the purposes of the Capital Rules, the Tier 2 Loan will no longer:

- (i) qualify, in whole, as Tier 2 capital of the Borrower; or
- (ii) be included, in whole, in the calculation of the Borrower's capital adequacy ratio, for the purposes of the Capital Rules,

in each case, excluding any non-qualification solely as a result of any discounting for capital adequacy purposes pursuant to the Capital Rules as a result of the Tier 2 Loan having, at the relevant time, less than five years to the Repayment Date.

## 11. Loss Absorption for the Tier 2 Loan upon Occurrence of Non-viability Trigger Event

Notwithstanding any other Clause of this Agreement:

- (i) If a Non-viability Trigger Event occurs and is continuing, the Borrower shall deliver a Non-viability Trigger Event Notice to the Lender by no later than two Business Days after the occurrence of such Non-viability Trigger Event. Following the issue of a Non-viability Trigger Event Notice, the Borrower shall, irrevocably and without the need for the Lender's consent, reduce the principal amount and cancel any accrued but unpaid interest of the Tier 2 Loan by an amount equal to the Non-viability Trigger Event Write-off Amount (a "**Write-off**" and "**Written-off**" shall be construed accordingly). Once the Tier 2 Loan and any accrued but unpaid interest thereon has been Written-off, the Lender may not exercise, claim or plead any right to any Non-viability Trigger Event Write-off Amount and

any Non-viability Trigger Event Write-off Amount will not be restored in any circumstances, including where the relevant Non-viability Trigger Event ceases to exist.

- (ii) The Borrower shall procure that any Write-off of the Tier 2 Loan and any accrued but unpaid interest thereon shall be conducted:
  - (a) only to the extent that the conversion or write-off of all instruments or loans that are Additional Tier 1 capital of the Borrower, where such instruments or loans are capable of being converted or written-off under any applicable laws and/or their terms of issue analogous to the terms set out in this Agreement, would not be sufficient for the Non-viability Trigger Event to cease to continue; and
  - (b) on a *pro rata* basis with all other instruments or loans that constitute Tier 2 capital of the Borrower, to the extent that such instruments or loans are capable of being converted or written-off under any applicable laws and/or their terms of issue analogous to the terms set out in this Agreement.
- (iii) Upon any Write-off of the Tier 2 Loan pursuant to this Clause 11, any reference in this Agreement to the Tier 2 Loan shall thereafter be construed as a reference to the principal amount of the Tier 2 Loan as reduced by any applicable Non-viability Trigger Event Write-off Amount.
- (iv) Any Write-off of the Tier 2 Loan and any accrued but unpaid interest thereon that is duly effected pursuant to a Non-viability Trigger Event does not constitute an Event of Default and does not entitle the Lender to petition for the insolvency or winding up of the Borrower.

## **12. Hong Kong Resolution Authority Power**

- (i) Notwithstanding any other provision of this Agreement, including without limitation Clause 11, or any other agreement or arrangement, the Lender agrees and acknowledges that it is bound by and subject to having the Tier 2 Loan written off, cancelled, converted or modified, or to having the form 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 the Tier 2 Loan or any accrued but unpaid interest thereon;
  - (b) the conversion of all or a part of the principal amount of the Tier 2 Loan or any accrued but unpaid interest thereon into shares or other securities or other obligations of the Borrower or another person (and the issue to or conferral on the Lender of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Agreement; and
  - (c) the amendment, alteration, modification or variation of the maturity of the Tier 2 Loan or amendment or alteration of the amount of interest payable on the Tier 2 Loan, or the date on which the interest become payable, including by suspending payment for a temporary period, or any other amendment or alteration of this Agreement.



With respect to (a), (b) and (c) above, references to principal and interest shall include payments of principal and interest 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 Lender under this Agreement are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the Relevant Hong Kong Resolution Authority.

No repayment of the principal amount of the Tier 2 Loan or any accrued but unpaid interest thereon shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the Relevant Hong Kong Resolution Authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Borrower under the laws and regulations applicable to the Borrower.

Upon the exercise of any Hong Kong Resolution Authority Power by the Relevant Hong Kong Resolution Authority with respect to the Tier 2 Loan, the Borrower shall provide a written notice not more than two Business Days after the occurrence of such exercise regarding such exercise of the Hong Kong Resolution Authority Power to the Lender in accordance with Clause 21.

Neither the reduction or cancellation, in part or in full, of the principal amount of the Tier 2 Loan or any accrued but unpaid interest thereon, the conversion thereof into another security or obligation of the Borrower or another person, or any other amendment or alteration of this Agreement as a result of the exercise of any Hong Kong Resolution Authority Power by the Relevant Hong Kong Resolution Authority with respect to the Borrower nor the exercise of the Hong Kong Resolution Authority Power by the Relevant Hong Kong Resolution Authority with respect to the Tier 2 Loan shall constitute an Event of Default under Clause 13.

- (ii) The Borrower and Lender acknowledge that the Ordinance was passed by the Legislative Council of Hong Kong and published in the gazette of the Hong Kong Special Administrative Region Government in June 2016, and that the Ordinance has become effective on 7 July 2017 and all licensed banks in Hong Kong are subject to the Ordinance.

### **13. Event of Default**

- (i) Subject to Clauses 11 and 12, if default is made:
  - (a) for a period of seven days or more in the repayment of any of the principal amount of the Tier 2 Loan; or
  - (b) for a period of 14 days or more in the payment of any of the interest due in respect of the Tier 2 Loan,

the Lender may institute proceedings to wind up the Borrower.

- (ii) In the event of an order being made or an effective resolution being passed for the winding-up of the Borrower, the Tier 2 Loan and any accrued but unpaid interest thereon shall, subject to the provisions of Clause 3, forthwith become repayable.

#### **14. Trust**

Any amounts paid by the Borrower or received or recovered by the Lender in respect of the Tier 2 Loan in breach of the provisions of this Agreement and any distributions of any kind or character in respect of the Tier 2 Loan received or recovered by the Lender otherwise than in accordance with the provisions of this Agreement shall be held on trust by the Lender to return the same to the Borrower, or where applicable, the liquidator or other similar officer.

#### **15. Third Parties**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Agreement.

#### **16. Compliance with Laws**

The Borrower shall from time to time comply with all of the requirements provided under the prevailing laws and regulations in Hong Kong in relation to the entry and implementation of this Agreement.

#### **17. Partial Invalidity**

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

#### **18. Counterparts**

This Agreement may be executed by the parties in any number of counterparts, each of which is an original but all of which together constitute one and the same instrument. Any party may enter into this Agreement by executing any such counterpart.

#### **19. Entire Agreement**

The Borrower and the Lender acknowledge that this Agreement forms the entire agreement relating to the Tier 2 Loan.

#### **20. Assignment and Transfer**

Neither the Borrower nor the Lender may assign or transfer any of its rights or obligations under this Agreement.

#### **21. Notices**

All notices, demands or communications shall be in writing delivered by hand or by electronic communication as follows:

To the Lender:

DBS Group Holdings Ltd  
12 Marina Boulevard  
Level 11, Marina Bay Financial Centre Tower 3  
Singapore 018982

To the Borrower:

DBS Bank (Hong Kong) Limited  
13th Floor, One Island East  
18 Westlands Road, Island East  
Hong Kong

A notice, demand or communication shall be deemed received (if in writing) when delivered and (if by electronic communication) when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication, in each case in the manner required by this Clause 21; provided that any communication that is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the following business day in such place.

## **22. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereto irrevocably and unconditionally agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.