

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

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THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that: (1) you are not in the United States, and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) you consent to delivery of such Offering Circular by electronic transmission. To the extent you purchase the securities described in the attached document, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S under the Securities Act (“**Regulation S**”).

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to forward, deliver or otherwise provide access of this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealer or such affiliate on behalf of the Issuer and the Guarantor (as defined herein) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Dah Sing Bank, Limited 大新銀行有限公司 (the “**Issuer**” and the “**Guarantor**”), any person who controls the Arranger or the Dealers, any director, officer, employee nor agent of the Issuer or the Guarantor or the Arranger or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

Restrictions: Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Arranger or the Dealers to subscribe or purchase any of the securities described therein. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration.

Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

If you receive the Offering Circular by e-mail, you should not reply by e-mail to the Offering Circular, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR



大新銀行

DAH SING BANK

DAH SING BANK, LIMITED

(incorporated with limited liability in Hong Kong)

(as an Issuer and as Guarantor)

US\$2,000,000,000

EURO MEDIUM TERM NOTE PROGRAMME

Under the US\$2,000,000,000 Euro Medium Term Note Programme (the “Programme”), Dah Sing Bank, Limited 大新銀行有限公司 (“DSB” or the “Bank”, together with the New Issuers (as defined herein), the “Issuers” and each an “Issuer”) and the other Issuers, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “Notes”). Notes may be issued on a senior basis or a dated subordinated basis by DSB or on a senior basis by any other New Issuer, all as more particularly described herein. Notes issued by any New Issuer (the “Guaranteed Issuers”) will be guaranteed by DSB (in such capacity, the “Guarantor”). The aggregate nominal amount of Notes outstanding will not at any time exceed US\$2,000,000,000 (or the equivalent in other currencies).

DSB may, from time to time, nominate newly-incorporated wholly-owned Subsidiaries (as defined in the terms and conditions of the Notes) of DSB with no operating history as additional issuers to issue Notes pursuant to the Programme (each a “New Issuer”). It is intended that such a New Issuer shall accede to the terms of the Programme by executing a deed of adherence (a “Deed of Adherence”) and shall become and be treated as an “Issuer” and a “Guaranteed Issuer” for the purpose of the Programme.

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, any of their subsidiaries, their associated companies, the Programme or such Notes. Unlisted series of Notes may also be issued pursuant to the Programme. The relevant Pricing Supplement (as defined below) in respect of any issue of Notes will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange such as The Stock Exchange of Hong Kong Limited. There is no guarantee that an application to the SGX-ST will be approved.

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “temporary Global Note”) or a permanent global note in bearer form (each a “permanent Global Note”). Notes in registered form will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes and Certificates may be deposited on the issue date with a common depository on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”). Global Notes representing Notes in bearer form may be deposited with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “CMU Service”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration such target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arranger

HSBC

Dealers

BNP PARIBAS
HSBC

Standard Chartered Bank

Barclays
Deutsche Bank

Citigroup
MUFG

The date of this Offering Circular is 22nd July, 2022

DSB (as to itself, each Guaranteed Issuer and the Group as defined below) and each Guaranteed Issuer (as to itself) having made all reasonable enquiries confirm that this document contains all information with respect to DSB, the Guaranteed Issuers and DSB and its Subsidiaries and affiliates taken as a whole (the “**Group**”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to DSB, the Guaranteed Issuers and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to DSB, the Guaranteed Issuers and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to DSB, the Guaranteed Issuers, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by DSB and the Guaranteed Issuers to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by DSB, the Guaranteed Issuers or any of the Dealers or the Arranger (as defined in “**Summary of the Programme**”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of DSB, the Guaranteed Issuers or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of DSB or the Guaranteed Issuers since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by DSB, the Guaranteed Issuers, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and the Guarantees (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered or, sold or, in the case of Notes in bearer form, delivered within the United States or to or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) or, in the case of Notes in bearer form, the U.S. Internal Revenue Code of 1986, as amended. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “**Subscription and Sale**”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of DSB, the Guaranteed Issuers or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with DSB, the Guaranteed Issuers or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit, taxation or other evaluation and should not be considered as a recommendation by any of DSB, the Guaranteed Issuers, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of DSB or the Guaranteed Issuers during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of a Stabilisation Manager) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilisation Manager (or any person acting on behalf of the relevant Stabilisation Manager) in accordance with all applicable laws and rules.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with DSB and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with DSB and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “**US\$**” and to “**US dollars**” are to United States dollars, references to “**HK\$**” and “**HK dollars**” are to Hong Kong dollars, references to “**sterling**” and “**£**” are to the currency of the United Kingdom, references to “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, and references to the “**PRC**” and “**China**” are to the People’s Republic of China and, for the purpose of this Offering Circular, except where the context requires, do not include Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), Macau Special Administrative Region of the PRC (“**Macau**”), or Taiwan.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the audited consolidated financial statements of the Bank for the year ended 31st December 2021, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of DSB and the Guaranteed Issuers from time to time (if any), and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified office of the Paying Agent for the time being in London. As at the date of this Offering Circular, the Guaranteed Issuers have not published and do not propose to publish any financial statements. See “*General Information*” for a description of the financial statements currently published by DSB. Copies of the audited consolidated annual financial statements of the Bank deemed to be incorporated by reference in this Offering Circular may be obtained without charge from the website of Hong Kong Monetary Authority (<https://vpr.hkma.gov.hk/eng/regulatory-resources/registers/register-of-ais-and-lros/info/100006>).

Any unaudited financial statements should not be relied upon to provide the same quality of information associated with information that has been subject to an audit nor taken as an indication of the expected financial condition and results of operations of DSB and/or the Guaranteed Issuers for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate DSB’s and/or the Guaranteed Issuers’ financial condition, results of operations and results.

SUPPLEMENTAL OFFERING CIRCULAR

DSB and each of the Guaranteed Issuers has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of DSB and the Guaranteed Issuers, and the rights attaching to the Notes, they shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request. A supplement to this Offering Circular will also be prepared and submitted to the SGX-ST each time a New Issuer accedes to the Programme. References to this “**Offering Circular**” shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Initial Issuer: Dah Sing Bank, Limited 大新銀行有限公司
(LEI: 54930092R8KXPUNCUI17)

Accession of

New Issuers: A newly incorporated wholly-owned Subsidiary of the Guarantor with no operating history nominated by the Guarantor may agree to be bound by all the terms of the Programme, and thereby become a New Issuer, by the execution of (i) a Deed of Adherence substantially in the form scheduled to the Agency Agreement and (ii) a new deed of covenant relating to direct enforcement rights for accountholders in clearing systems (“**New Deed of Covenant**”). It is intended that from and after the execution and delivery of such Deed of Adherence and New Deed of Covenant such New Issuer shall become and be treated as an “**Issuer**” and a “**Guaranteed Issuer**” for the purpose of the Programme.

Guarantor: Notes issued by each New Issuer will be guaranteed by Dah Sing Bank, Limited

Description: Euro Medium Term Note Programme

Size: Up to US\$2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.

Arranger: The Hongkong and Shanghai Banking Corporation Limited

Dealers: Barclays Bank PLC
BNP Paribas
Citigroup Global Markets Limited
Deutsche Bank AG, Singapore Branch
The Hongkong and Shanghai Banking Corporation Limited
MUFG Securities EMEA plc
Standard Chartered Bank

The Issuers and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent: Deutsche Bank AG, London Branch

Registrar: Deutsche Bank AG, Hong Kong Branch
Deutsche Bank Luxembourg S.A.

CMU Lodging Agent: Deutsche Bank AG, Hong Kong Branch

Method of Issue: The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “**Pricing Supplement**”).

Issue Price: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes: The Notes may be issued in bearer form only (“**Bearer Notes**”), in registered form only (“**Registered Notes**”), or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”).

Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “*Summary of the Programme — Selling Restrictions*”), otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

Clearing Systems: The CMU Service, Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes: On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes relating to Bearer Notes may also be deposited with a sub-custodian for the CMU Service or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer and the relevant Dealers.

Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to EURIBOR or HIBOR or SHIBOR or CNH HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Subordination and Set-off in respect of Dated Subordinated Notes . . .	Applicable to Dated Subordinated Notes only. See “ <i>Terms and Conditions of the Notes — Status of the Notes and the Guarantees — Dated Subordinated Notes</i> ” and “ <i>Terms and Conditions of the Notes — Status of the Notes and the Guarantees — Waiver of Set-off</i> ” in respect of Dated Subordinated Notes”.
Write-off upon a Non-Viability Event in respect of Dated Subordinated Notes . . .	The applicable Pricing Supplement issued in respect of each issue of Dated Subordinated Notes may provide that provisions relating to Write-off in accordance with Condition 6(k) are applicable for Dated Subordinated Notes.
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other types of Note that the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Optional Redemption: . . .	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption. Except following an Enforcement Event, Dated Subordinated Notes may not be redeemed prior to their stated maturity date without the consent of the HKMA.
Status of Notes General: .	DSB may issue Senior Notes and Dated Subordinated Notes. Senior Guaranteed Notes may be issued by each Guaranteed Issuer, which will in each case be guaranteed by DSB pursuant to the terms of the Senior Guarantee.
Status of the Senior Notes:	The Senior Notes issued by DSB will constitute direct unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of DSB and will rank <i>pari passu</i> without any preference among themselves and <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of DSB other than any such obligations as are preferred by law, all as further described in Condition 3(a).

Status of the Dated

Subordinated Notes: . . . The Dated Subordinated Notes issued by DSB and the Receipts and the Coupons relating to them will constitute direct and unsecured obligations of DSB (other than pursuant to a Permitted Reorganisation (as defined in Condition 3)) and will rank *pari passu* without any preference among themselves. Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of DSB, the rights of the Noteholders, Receiptholders and Couponholders in respect of Dated Subordinated Notes to payment of principal and interest, and any other obligations in respect of the Dated Subordinated Notes and the Receipts and the Coupons relating to them , will rank:

- (a) subordinate and junior in right of payment to, and of all claims of:
 - (A) all unsubordinated creditors of DSB (including its depositors); and
 - (B) all other Subordinated Creditors of DSB 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) *pari passu* 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 DSB,as further described in Condition 3(b).

Status of the Senior

Guaranteed Notes: The Senior Guaranteed Notes issued by a Guaranteed Issuer will constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of that Guaranteed Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of that Guaranteed Issuer other than any such obligations as are preferred by law, all as further described in Condition 3(d).

The Senior Guaranteed Notes are guaranteed as to payment of principal and interest by DSB upon the terms of the Senior Guarantee. Claims in respect of the Senior Guarantee will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of DSB other than any such obligations as are preferred by law, all as further described in Condition 3(d).

Negative Pledge: Applicable to Senior Notes and Senior Guaranteed Notes only. See “*Terms and Conditions of the Notes — Negative Pledge*”.

Cross Default: Applicable to Senior Notes and Senior Guaranteed Notes only. See “*Terms and Conditions of the Notes — Events of Default*”.

Early Redemption: Except as provided in “*Optional Redemption*” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “*Terms and Conditions of the Notes — Redemption, Purchase and Options*”. Except following an Enforcement Event, Dated Subordinated Notes may not be redeemed prior to their stated maturity date without the consent of the HKMA.

Withholding Tax: All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Hong Kong, subject to customary exceptions, all as described in “*Terms and Conditions of the Notes — Taxation*”.

Governing Law: English law, except that the provisions of the Notes relating to subordination shall be governed by the laws of Hong Kong.

Listing: Application has been made to the SGX-ST for permission to deal in, and for quotation of, any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no guarantee that an application to the SGX-ST will be approved. If the application to the SGX-ST to list any Notes is approved, for so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies). Application may also be made for any Notes to be listed on any other stock exchange such as The Stock Exchange of Hong Kong Limited.

Selling Restrictions: The United States, the Public Offer Selling Restriction under the Prospectus Directive, the United Kingdom, the Netherlands, Hong Kong, Japan and Singapore. See “*Subscription and Sale*”.

DSB is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2) (i)(D) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**D Rules**”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Bearer Notes or on the Certificates relating to the Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of a Series (as defined below) of Notes issued by Dah Sing Bank Limited 大新銀行有限公司 (“DSB”) or any additional issuer which has acceded to the Programme by executing a deed of adherence (the “Deed of Adherence”) pursuant to the terms of the Agency Agreement referred to below (each a “New Issuer” and a “Guaranteed Issuer”) (each, in relation to Notes issued by it, the “Issuer”) pursuant to the Agency Agreement (as defined below). Issues of Notes by a Guaranteed Issuer will be guaranteed by DSB (in such capacity, the “Guarantor”). References to the Guarantor shall only be relevant in the context of an issue of Notes by a Guaranteed Issuer.

The Notes are issued pursuant to an Amended and Restated Agency Agreement dated 20th June, 2012 (as amended and supplemented from time to time, the “Agency Agreement”) between, among others, DSB, Deutsche Bank AG, London Branch as fiscal agent, Deutsche Bank AG, Hong Kong Branch as lodging agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “CMU Service”), Deutsche Bank AG, Hong Kong Branch (or, if, so specified in the Pricing Supplement, Deutsche Bank Luxembourg S.A.) as registrar and the other agents named in it and with the benefit of an Amended and Restated Deed of Covenant dated 23rd June, 2014 (as amended and restated from time to time, the “Deed of Covenant”) executed by DSB in relation to the Notes and the Deed of Guarantee (as defined below). The fiscal agent, the CMU lodging agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “CMU Lodging Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent and the CMU Lodging Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. For the purposes of these Conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. As used in these Conditions, “Tranche” means Notes which are identical in all respects. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) shown in the Pricing Supplement.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/ Payment Basis shown in the Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon 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 it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES

- (a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes 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. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date or (v) during a Suspension Period. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

In these Conditions, "Suspension Period" means the period commencing on the Business Day immediately following the date of a Non-Viability Event Notice (as defined in Condition 6(k)) and ending on the close of business in Hong Kong on the effective date of the related Write-off.

3 STATUS OF THE NOTES AND THE GUARANTEES

- (a) **Senior Notes**
- (i) This Condition 3(a) is applicable to all Notes issued by DSB which are specified in the Pricing Supplement as being Senior Notes ("Senior Notes").
- (ii) The Senior Notes of each Series and the Receipts and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of DSB, ranking pari passu without any preference among themselves and,

at their date of issue, ranking pari passu with all other present and future unsecured and unsubordinated obligations of DSB other than any such obligations as are preferred by provisions of law that are both mandatory and of general application.

(b) Dated Subordinated Notes

- (i) This Condition 3(b) is applicable to all Notes issued by DSB which are specified in the Pricing Supplement as being Dated Subordinated Notes (“Dated Subordinated Notes”).
- (ii) The Dated Subordinated Notes of each Series and the Receipts and the Coupons relating to them constitute direct and unsecured obligations of DSB, conditional and subordinated as described below, ranking pari passu without any preference among themselves.
- (iii) Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of DSB (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Noteholders, Receiptholders and Couponholders in respect of Dated Subordinated Notes to payment of principal and interest, and any other obligations in respect of the Dated Subordinated Notes and the Receipts and the Coupons relating to them, will rank:
 - (a) subordinate and junior in right of payment to, and to all claims of:
 - (A) all unsubordinated creditors of DSB (including its depositors); and
 - (B) all other Subordinated Creditors of DSB 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) *pari passu* 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 DSB.

In the event of a Winding-Up that requires the Noteholders to provide evidence of their claim to principal or interest under the Dated Subordinated Notes, such claims of the Noteholders will only be satisfied after all senior ranking obligations of DSB have been satisfied in whole.

In the event that (A) the Noteholders do not receive payment in full of principal due and payable in respect of the Dated Subordinated Notes plus interest thereon accrued to the date of repayment in any Winding-Up and (B) the winding-up order or resolution passed for the winding-up of DSB or the dissolution of DSB is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Noteholders did not receive payment in full of such principal of and interest on such Dated Subordinated Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3, Condition 6(k) and Condition 10.

The subordination provisions set out in this Condition 3(b) are effective only upon the occurrence of any Winding-Up proceedings of DSB. In the event that a Non-Viability Event occurs the rights of holders of Dated Subordinated Notes shall be subject to Condition 6(k). This may not result in the same outcome for Dated Subordinated Noteholders as would otherwise occur under this Condition 3(b) upon the occurrence of any Winding-Up proceedings of the Issuer.

On a Winding-Up of DSB, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in this Condition 3) have been satisfied.

(c) Senior Guaranteed Notes

- (i) This Condition 3(c) is applicable to all Notes which are specified in the Pricing Supplement as being Senior Guaranteed Notes issued by a Guaranteed Issuer (“Senior Guaranteed Notes”).
- (ii) The Senior Guaranteed Notes of each Series and the Receipts and Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the relevant Guaranteed Issuer, ranking *pari passu* without any preference among themselves and, at their date of issue, ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the relevant Guaranteed Issuer other than any such obligations as are preferred by provisions of law that are both mandatory and of general application.
- (iii) The Senior Guaranteed Notes of each Series are guaranteed as to payment of principal and interest by DSB upon the terms of the senior guarantee (the “Senior Guarantee”) contained in the Amended and Restated Deed of Guarantee dated 7th August, 2009 (as amended and restated from time to time, the “Deed of Guarantee”).
- (iv) In relation to each Series of Senior Guaranteed Notes and the Receipts and Coupons relating to them, claims in respect of the Senior Guarantee rank, at the date of issue of such Notes, *pari passu* with all other present and future unsecured and unsubordinated obligations of DSB other than any such obligations as are preferred by provisions of law that are both mandatory and of general application.

In these Conditions:

“Authorized Institution” has the meaning given to that term in the Capital Regulations;

“Banking (Capital) Rules” means the Banking (Capital) Rules (Cap. 155L), the Banking (Capital) (Amendment) Rules 2012, or any successor legislation, or any statutory guidelines issued by the HKMA;

“Banking Ordinance” means the Banking Ordinance (Cap.155) of Hong Kong;

“Capital Regulations” means capital regulations applicable to the regulatory capital of Authorised Institutions in Hong Kong as published by the HKMA;

“DSB Group” means DSB and its subsidiaries;

“HKMA” means the Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66 of the laws of Hong Kong) or its successors or such other authority having primary bank supervisory authority with respect to the Issuer;

“Issuer” means DSB (in the case of Senior Notes and Dated Subordinated Notes) or the relevant Guaranteed Issuer (in the case of Senior Guaranteed Notes);

“Junior Obligation” means the Shares, and any other class of DSB’s share capital and any instrument or other obligation issued or guaranteed by DSB that ranks or is expressed to rank junior to the Dated Subordinated Notes by operation of law or contract;

“Parity Obligation” means any instrument or other obligation issued, entered into, or guaranteed by DSB that constitutes or qualifies as a Tier 2 Capital Instrument (or its equivalent) under applicable Capital Regulations or that ranks or is expressed to rank *pari passu* with the Dated Subordinated Notes 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 DSB are transferred to a successor entity which assumes all the obligations of DSB under the Dated Subordinated Notes;

“Share” means the ordinary share capital of DSB;

“Subordinated Creditors” means all creditors the indebtedness of which is subordinated, in the event of the Winding-Up of DSB, in right of payment to the claims of depositors and other unsubordinated creditors of DSB 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 Noteholders. For this purpose indebtedness shall include all liabilities, whether actual or contingent;

“Tier 1 Capital Instruments” means:

- (i) any security issued by DSB; or
- (ii) any other similar obligation issued by any subsidiary of DSB that is guaranteed by DSB,

that, in each case, constitutes Tier 1 capital of (x) DSB, on an unconsolidated basis, or (y) the DSB Group, on a consolidated basis, pursuant to the relevant requirements set out in the Banking (Capital) Rules;

“Tier 2 Capital Instruments” means:

- (i) any security issued by DSB; or
- (ii) any other similar obligation issued by any subsidiary of DSB that is guaranteed by DSB,

that, in each case, constitutes Tier 2 capital of (x) DSB, on an unconsolidated basis, or (y) the DSB Group, on a consolidated basis, pursuant to the relevant requirements set out in the Banking (Capital) Rules including, for the avoidance of doubt, securities categorised as Lower Tier 2 Capital (but excluding Upper Tier 2 Capital) pursuant to Capital Regulations issued prior to 1 January 2013; and

“Winding-Up” shall mean, with respect to DSB, a final and effective order or resolution for the bankruptcy, winding-up, liquidation, administrative receivership or similar proceeding in respect of DSB (as applicable).

(d) Waiver of Set-off

This Condition 3(d) shall apply to all Notes other than Senior Notes and Senior Guaranteed Notes.

Subject to applicable law, no Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owned to it by DSB arising under or in connection with the Dated Subordinated Notes, the related Receipts or the Coupons and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Dated Subordinated Note, Receipt or Coupon, be deemed to have waived all such rights of such set-off, counter-claim or retention.

In the event that any Noteholder, Receiptholder, or Couponholder nevertheless receives (whether by set-off or otherwise) directly in a Winding-up Proceeding in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Dated Subordinated Notes, other than in accordance with this Condition 3, such Noteholder, Receiptholder or Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or

discharge to the liquidator for the time being in the winding up of the Issuer for distribution and each Noteholder, Receiptholder or Couponholder, by virtue of becoming a holder or any Subordinated Note, Receipt or Coupon, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration and until such time payment or discharge is made, shall hold an amount equal to such amount on trust for the Issuer (or the liquidator for the time being in the Winding-up of the Issuer) (as the case may be), and accordingly any such discharge shall be deemed not to have taken place.

4 NEGATIVE PLEDGE

- (a) This Condition 4 is applicable to all Notes which are specified in the Pricing Supplement as being Senior Notes and Senior Guaranteed Notes.
- (b) So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement):
 - (i) the Issuer and the Guarantor will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt and
 - (ii) the Issuer and the Guarantor will procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure (x) any of the Issuer’s Relevant Debt or the Guarantor’s Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer’s Relevant Debt or the Guarantor’s Relevant Debt, or (y) where the person in question is a Subsidiary of the Issuer or of the Guarantor, any of the Relevant Debt of any person, or any guarantee of or indemnity in respect of any such Relevant Debt,

unless, at the same time or prior thereto, the Issuer’s obligations under the Notes and the Coupons or, as the case may be, the Guarantor’s obligations under the Guarantees (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders PROVIDED THAT (and for the avoidance of doubt) this Condition 4(b) will not be applicable to any Security created or permitted to subsist in connection with a Securitisation Transaction.

“Relevant Debt” means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market.

“Securitisation Transaction” means any securitisation transaction involving the transfer of any assets, revenues, undertakings or risks associated with any such assets, revenues, or undertakings to, and the issue of indebtedness by, a special purpose company (a “Special Purpose Company”) which is not a Subsidiary of any of DSB or the Guaranteed Issuers and provided that (i) none of the monetary obligations of the Special Purpose Company in respect of the transaction is subject to any recourse whatsoever in respect thereof to any of DSB, the Guaranteed Issuers or any of their respective Subsidiaries, (ii) recourse to the Special Purpose Company for amounts owing under the transaction is limited to the income or cashflow of the assets or collateral comprising the Security for such transaction, (iii) the assets held by and activities of the Special Purpose Company are restricted to those which are permitted for the purposes of the transaction, (iv) the parties to the transaction are not entitled, by virtue of any right or claim arising out or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Special Purpose Company until at least one year and one day after the full repayment of such indebtedness, (v) the transaction is conducted on arms-length terms and (vi) the benefit of the transaction accrues, directly or indirectly, to any of DSB, the relevant Guaranteed Issuer or any of their respective Subsidiaries.

“Subsidiary” means a subsidiary as defined in section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong.

5 INTEREST AND OTHER CALCULATIONS

Payments of interest in respect of Dated Subordinated Notes will be subject to Condition 3(b).

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). If a Fixed Coupon Amount or a Broken Amount is specified in the Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the Pricing Supplement.
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
- (i) **Interest Payment Dates:** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined by the Calculation Agent in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown in the Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that 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 or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified in the Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating

Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the Pricing Supplement;
- (y) the Designated Maturity is a period specified in the Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes which specify the Reference Rate as SOFR)*

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at (A) 11.00 a.m. (Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR or Beijing time, in the case of SHIBOR) or (B) in the case of CNH HIBOR, 11.15 a.m. (Hong Kong time), or if at around that time it is notified that the fixed will be published at 2.30 p.m. (Hong Kong time), 2.30 p.m. , as the case may be, on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations. If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement, as being other than EURIBOR or HIBOR or CNH HIBOR or SHIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Issuer or an agent appointed by the Issuer acting on its behalf at the time shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, or if the Reference Rate is SHIBOR, the principal office in Beijing of each of the Reference Banks, to provide the Issuer or such agent appointed by the Issuer acting on its behalf with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) or if the

Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer or such agent appointed by the Issuer acting on its behalf at the time with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by Calculation Agent at the time; and

- (z) if paragraph (y) above applies and the Issuer or such agent appointed by the Issuer acting on its behalf determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer or such agent appointed by the Issuer acting on its behalf by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market or, if the Reference Rate is SHIBOR, the Beijing inter-bank market, as the case may be or, if fewer than two of the Reference Banks provide the Issuer or such agent appointed by the Issuer acting on its behalf with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer or such agent appointed by the Issuer acting on its behalf it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market or, if the Reference Rate is SHIBOR, the Beijing inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph by 11:00 a.m. (Brussels time) (if the Reference Rate is EURIBOR) or 11:00 a.m. (Hong Kong time) (if the Reference Rate is HIBOR) or 11:15 a.m. (Hong Kong time) (if the Reference Rate is CNH HIBOR) or 11:30 a.m. (Beijing time) (if the Reference Rate is SHIBOR) on the date which is the earlier of (i) the first day of the relevant Interest Period and (ii) the third Business Day following the relevant Interest Determination Date, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 5(g), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The “SOFR Benchmark” will be determined based on Simple SOFR Average, Compounded Daily SOFR or Compounded SOFR Index, as follows (subject in each case to Condition 5(l) or Condition 5(m) as further specified in the applicable Pricing Supplement):

- (x) If Simple SOFR Average (“Simple SOFR Average”) is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be the arithmetic mean of the SOFR reference rates for each U.S. Government Securities Business Day during the period, as calculated by the Calculation Agent, and where, if applicable and as specified in the applicable Pricing Supplement, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the U.S. Government Securities Business Days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date.
- (y) If Compounded Daily SOFR (“Compounded Daily SOFR”) is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Period (where SOFR Lag, SOFR Payment Delay or SOFR Lockout is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable in the applicable Pricing Supplement:

- (i) SOFR Lag:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR_{i-xUSBD}” for any U.S. Government Securities Business Day(i) in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

“Lookback Days” means such number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement (which shall not be less than five without the prior written approval of the Calculation Agent);

“d” means the number of calendar days in the relevant Interest Period;

“d₀” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“i” means a series of whole numbers ascending from one to d₀, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “U.S. Government Securities Business Day(i)”); and

“n_i”, for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(ii) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR_i” for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

“SOFR Observation Period” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement (which shall not be less than five without the prior written approval of the Calculation Agent);

“d” means the number of calendar days in the relevant SOFR Observation Period;

“d₀” means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“i” means a series of whole numbers ascending from one to d₀, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a “U.S. Government Securities Business Day(i)”); and

“ n_i ”, for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(iii) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“ $SOFR_i$ ” for any U.S. Government Securities Business Day(i) in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

“Interest Payment Date” shall be the number of Interest Payment Delay Days following each Interest Period Date; provided that the Interest Payment Date with respect to the final Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the relevant Optional Redemption Date;

“Interest Payment Delay Days” means the number of Business Days as specified in the applicable Pricing Supplement (which shall not be less than five without the prior written approval of the Calculation Agent);

“ d ” means the number of calendar days in the relevant Interest Period;

“ d_0 ” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“ i ” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “U.S. Government Securities Business Day(i)”); and

“ n_i ”, for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

For the purposes of calculating Compounded Daily SOFR with respect to the final Interest Period where SOFR Payment Delay is specified in the applicable Pricing Supplement, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant Optional Redemption Date, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(iv) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR_i” for any U.S. Government Securities Business Day(i) in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

“d” means the number of calendar days in the relevant Interest Period;

“d_o” means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“i” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “U.S. Government Securities Business Day(i)”); and

“n_i”, for any U.S. Government Securities Business Day (i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of Conditions 5(b)(iii)(C)(x) and 5(b)(iii)(C)(y):

“Bloomberg Screen SOFRRATE Page” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“Reuters Page USDSOFR=” means the Reuters page designated “USDSOFR=” or any successor page or service;

“SOFR” means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

- (i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;

- (ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or
- (iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(l) or Condition 5(m) shall apply as specified in the applicable Pricing Supplement;

“SOFR Rate Cut-Off Date” means the date that is a number of U.S. Government Securities Business Days prior to the Interest Payment Date relating to the relevant Interest Period, the Maturity Date or the relevant Optional Redemption Date, as applicable, as specified in the applicable Pricing Supplement (which shall not be less than five U.S. Government Securities Business Days prior to such Interest Payment Date, Maturity Date or Optional Redemption Date, as the case may be, without prior written approval of the Calculation Agent); and

“SOFR Determination Time” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

- (z) If Compounded SOFR Index (“Compounded SOFR Index”) is specified as applicable in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR Index” means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

- (a) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SOFR formula described above in Condition 5(b)(iii)(C)(y)(ii) (*SOFR Observation Shift*); or
- (b) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(l) or Condition 5(m) shall apply as specified in the applicable Pricing Supplement;

“SOFR_{IndexEnd}” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period (or in the final Interest Period, the Maturity Date);

“SOFR_{IndexStart}” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of SOFR Observation Shift Days prior to the first day of such Interest Period;

“SOFR Index Determination Time” means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“SOFR Observation Period” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement (which shall not be less than five U.S. Government Securities Business Days without the prior written approval of the Calculation Agent); and

“d_c” means the number of calendar days in the applicable SOFR Observation Period;

If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which the Notes became due and payable and the Rate of Interest on the Notes shall, for so long as the Notes remain outstanding, be that determined on such date.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(iii)(C):

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified:

- (i) (where SOFR Benchmark is specified in the applicable Pricing Supplement as the Reference Rate and where Simple SOFR Average is specified as applicable in the applicable Pricing Supplement or where SOFR Lag, SOFR Observation Shift or SOFR Lockout is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR or where Compounded SOFR Index is specified as applicable in the applicable Pricing Supplement) the third U.S. Government Securities Business Day prior to the last day of each Interest Period; and
- (ii) (where SOFR Benchmark is specified in the applicable Pricing Supplement as the Reference Rate and where SOFR Payment Delay is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR) the Interest Period Date at the end of each Interest Period, *provided that* the Interest Determination Date with respect to the final Interest Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date;

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York (currently, being <https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index>), or any successor source;

“SOFR Benchmark Replacement Date” means the Benchmark Replacement Date with respect to the then-current Benchmark;

“SOFR Benchmark Transition Event” means the occurrence of a Benchmark Event with respect to the then-current Benchmark; and

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the Pricing Supplement.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the Pricing Supplement.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
 - (i) If any Margin is specified in the Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph
 - (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being

rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit“ means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”) and/or

- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30

- (v) if “30E/360” or “Eurobond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls; “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30

- (vi) if “30E/360 (ISDA)” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30

- (vii) if “Actual/Actual-ICMA” is specified in the Pricing Supplement,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“Determination Date” means the date specified as such in the Pricing Supplement or, if none is so specified, the Interest Payment Date

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the Pricing Supplement

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Hong Kong dollars nor euro, nor if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first 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

“Interest Period Date” means each Interest Payment Date unless otherwise specified in the Pricing Supplement

“ISDA Definitions” means, unless otherwise specified in the Pricing Supplement:

- (i) the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, and as amended by the deletion in its entirety of the definition of “Fallback Observation Day” and its replacement with the following;

“‘*Fallback Observation Day*’ means in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.”

or

- (ii) any successor definitional booklet for interest rate derivatives published from time to time.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the Pricing Supplement

“Reference Banks” means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and, in the case of a determination of HIBOR the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Issuer acting on its behalf or as specified hereon

“Reference Rate” means the rate specified as such hereon

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon

“Specified Currency” means the currency specified as such in the Pricing Supplement or, if none is specified, the currency in which the Notes are denominated

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Pricing Supplement and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) **Benchmark Discontinuation:**

Benchmark Replacement for Floating Rate Notes (other than Floating Rate Notes which specify the Reference Rate as SOFR Benchmark): Where the Original Reference Rate is not SOFR, in addition and notwithstanding the terms set forth elsewhere in these Conditions, this Condition 5(j) shall apply.

- (i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint

an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(1)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(1)(iv)). In making such determination, Independent Adviser appointed pursuant to this Condition 5(1) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Issuer and the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(1).

If (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(1)(i) or, failing which, an Alternative Rate in accordance with this Condition 5(1)(i) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(1)(i).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser determines that:

- (a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(1)); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(1)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If Issuer, following consultation with the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(1) and Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the

terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(l)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(l), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(l) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(l) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents, and, in accordance with Condition 14, the Noteholders. In accordance with Condition 14, notice shall be provided to the Noteholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(l); and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of the Conditions if, in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation provided for by the terms of a Benchmark Amendment, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction,

or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(1)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 5(1):

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (b) the Issuer, following consultation with the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied)
- (c) the Issuer, following consultation with the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser determines in accordance with Condition 5(1)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 5(1)(iv).

“Benchmark Event” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (f) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (i) in the case of sub-paragraphs (b) and (c) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (ii) in the case of sub-paragraph (d) above, on the date of the prohibition of use of the Original Reference Rate and (iii) in the case of sub-paragraph (e) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Calculation Agent.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(1)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- (m) **Benchmark Discontinuation (SOFR):**

Benchmark Replacement for Floating Rate Notes where the Reference Rate where the Reference Rate is specified as being SOFR Benchmark: Where the Original Reference Rate is SOFR, in addition and notwithstanding the terms set forth elsewhere in these Conditions, this Condition 5(m) shall apply:

(i) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(m). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Fiscal Agent (if required). Further, none of the Fiscal Agent, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(m), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the sole discretion of the Issuer or its designee, as applicable, and notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the Noteholders or any other party.

(iv) *Definitions*

As used in Condition 5(m):

“Benchmark” means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement;

“Benchmark Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of:
 - (a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
 - (b) the Benchmark Replacement Adjustment;
- (ii) the sum of:
 - (a) the ISDA Fallback Rate; and
 - (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of:
 - (a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and
 - (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (i) in the case of sub-paragraph (i) or (ii) of the definition of “Benchmark Event”, the later of:
 - (x) the date of the public statement or publication of information referenced therein; and
 - (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of sub-paragraph (iii) of the definition of “Benchmark Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“ISDA Definitions” means, unless otherwise specified in the Pricing Supplement:

- (i) the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, and as amended by the deletion in its entirety of the definition of “Fallback Observation Day” and its replacement with the following;

“‘Fallback Observation Day’ means in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.”

or

- (ii) any successor definitional booklet for interest rate derivatives published from time to time.

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded Daily SOFR is specified as applicable in the applicable Pricing Supplement) or SOFR Index Determination Time (where Compounded SOFR Index is specified as applicable in the applicable Pricing Supplement), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

6 REDEMPTION, PURCHASE, OPTIONS AND NON-VIABILITY EVENT IN RESPECT OF DATED SUBORDINATED NOTES

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the Pricing Supplement.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the Pricing Supplement.
- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the Pricing Supplement.
- (c) **Redemption for Taxation Reasons:** Subject to Condition 6(i) in the case of Dated Subordinated Notes, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the relevant Guaranteed Issuer's jurisdiction of incorporation (in the case of payments by a Guaranteed Issuer) or Hong Kong (in the case of payments by DSB) 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, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or any of the Guarantees, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) **Redemption at the Option of the Issuer:** If Call Option is specified in the Pricing Supplement, the Issuer may (subject to Condition 6(i) in the case of Dated Subordinated Notes), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the Pricing Supplement) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any

such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount specified in the Pricing Supplement and no greater than the Maximum Redemption Amount specified in the Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Bearer Notes, or in the case of the Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified in the Pricing Supplement, the Issuer shall (subject to Condition 6(i) in the case of Dated Subordinated Notes), at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the Pricing Supplement.
- (g) **Purchases:** The Issuer, the Guarantor and any of their respective Subsidiaries may (subject to Condition 6(i) in the case of Dated Subordinated Notes) at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may (in the case of Notes other than Dated Subordinated Notes) or shall (in the case of Dated Subordinated Notes) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.
- (i) **Conditions of Redemption for Dated Subordinated Notes:** Notwithstanding any other provisions in these Conditions, the Dated Subordinated Notes (subject as provided below) may not be redeemed or purchased and cancelled (other than pursuant to Condition 6(a)) without the prior consent of the HKMA. Accordingly, DSB shall not redeem any of such Dated Subordinated Notes other than pursuant to Condition 6(a) or purchase and cancel the Dated Subordinated Notes unless the prior written consent of the HKMA thereto shall have

been obtained provided, however, that if from time to time the consent of the HKMA is not a requirement for any such Dated Subordinated Notes to constitute Tier 2 capital (or equivalent) of DSB for the purposes of the Banking Ordinance, or any successor legislation, then the condition to the redemption or purchase and cancellation of the Dated Subordinated Notes set out in this Condition 6(i) shall not apply for so long as such consent is not so required.

- (j) **Redemption for Dated Subordinated Notes upon occurrence of a Regulatory Redemption Event:** Subject to Condition 6(i), the Dated Subordinated Notes may be redeemed at the option of DSB in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (together with interest accrued to the date fixed for redemption) if for the purposes of the Banking Ordinance or any successor legislation or regulations made thereunder, the Dated Subordinated Notes, after having qualified as such will no longer qualify (in whole or in part) as Tier 2 Capital Instruments (or equivalent) of DSB (other than non-qualification (x) solely by virtue of DSB already having on issue securities with an aggregate principal amount up to or in excess of the limit of Tier 2 Capital Instruments (or equivalent) permitted from time to time by the HKMA or (y) solely as a result of any discounting or amortisation requirements as to the eligibility of the Dated Subordinated Notes for such inclusion pursuant to the relevant legislation and statutory guidelines in force from time to time) ("Regulatory Redemption Event"), provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Regulatory Redemption Event has occurred.

Prior to giving any notice of redemption pursuant to this Condition 6(j), DSB shall deliver to the Fiscal Agent (i) a certificate signed by two Directors of DSB stating that DSB is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of DSB so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that a Regulatory Redemption Event has occurred and (ii) a copy of the written consent of the HKMA; and the Fiscal Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 6(j) will be redeemed at the Early Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant date fixed for redemption.

- (k) **Non-Viability Event in respect of Dated Subordinated Notes:**

Any Write-off of any Dated Subordinated Notes under this Condition 6 with respect to the clearing and/or settlement of any Dated Subordinated Notes is subject to the availability of procedures to effect any such Write-off in the relevant clearing system(s). For the avoidance of doubt, however, any Write-off of any Dated Subordinated Notes with respect to the Issuer under this Condition 6 will be effective upon the date that the Issuer specifies in the Non-Viability Event Notice notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

- (i) If this Condition 6(k) and "Write-off" is specified as applicable in the applicable Pricing Supplement for any Dated Subordinated Notes, if a Non-Viability Event occurs and is continuing, DSB 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 Subordinated Note (such reduction and cancellation, and the reduction and cancellation of any other Dated Subordinated Notes so reduced and cancelled upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the "Write-off" and "Written-off" shall be construed accordingly). Once any principal amount of, and any accrued but unpaid interest under, the Dated Subordinated Notes has been Written-off, it will not be

restored in any circumstances, including where the relevant Non-Viability Event ceases to continue. For the avoidance of doubt, any Write-off pursuant to this provision shall not constitute an Event of Default under the Notes.

- (ii) No Noteholder may exercise, claim or plead any right to any Non-Viability Event Write-off Amount, and each Noteholder shall be deemed to have waived all such rights to such Non-Viability Event Write-off Amount.
- (iii) Any reference in the Conditions to principal in respect of the Dated Subordinated Notes shall thereafter refer to the principal amount of the Dated Subordinated Notes, subject to any applicable Write-off(s).
- (iv) Any Series of Dated Subordinated Notes may be subject to one or more Write-offs in part (as the case may be), except where such Series of Dated Subordinated Notes has been Written-off in its entirety.

If a Non-Viability Event Notice has been given in respect of any Dated Subordinated Notes in accordance with this Condition 6(k), transfers of any such Dated Subordinated Notes that are the subject of such notice shall not be permitted during the Suspension Period (as defined in Condition 2). From the date on which a Non-Viability Event Notice in respect of any Dated Subordinated Notes in accordance with this Condition 6(i) is provided by the Issuer to the end of the Suspension Period, the Registrar, if applicable, shall not register any attempted transfer of any Dated Subordinated Notes. As a result, such an attempted transfer will not be effective.

In these Conditions:

“Non-Viability Event” means the earlier of:

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

“Non-Viability Event Notice” means the notice referred to in this Condition 6(k), which shall be given by DSB not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Noteholders and the Paying Agents, in accordance with Condition 14 and which shall state with reasonable detail the nature of the relevant Non-Viability Event and the Non-Viability Event Write-off Amount per Subordinated Note.

“Non-Viability Event Write-off Amount” means the amount of interest and/or principal to be Written-off as the HKMA may direct or, in the absence of such a direction, DSB shall (in consultation with the HKMA) determine to be necessary to satisfy the HKMA that the Non-Viability Event will cease to continue. For the avoidance of doubt:

- (i) the Write-off will be effected in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue; and
- (ii) in the case of an event falling within paragraph (ii) of the definition of Non-Viability Event, the Write-off will be effected in full before any public sector injection of capital or equivalent support.

7 PAYMENTS AND TALONS

- (a) (i) Bearer Notes not held in the CMU Service: Payments of principal and interest in respect of Bearer Notes not held in the CMU Service shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (ii) Bearer Notes held in the CMU Service: Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Issue Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer or, as the case may be, the Guarantor in respect of that payment.

Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the CMU Service for their distribution to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) **Registered Notes:**

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

Payments of principal and interest in respect of Registered Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU Service in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer or, where applicable, the Guarantor, any adverse tax consequence to it.
- (d) **Payments Subject to Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging Agent in relation to Notes accepted for clearance through the CMU Service, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) a Paying Agent having specified offices in Singapore (for so long as the Notes are listed on the SGX-ST and the rules of that stock exchange so require, in the event that a Global Note is exchanged for definitive Notes), (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27th November, 2000.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Upon the due date for redemption of any Bearer Note which comprise Fixed Rate Note (other than Dual Currency Note or Index Linked Note), should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so

deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” in the Pricing Supplement and:
- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.
- (i) **Redenomination, Renominalisation and/or Consolidation:** Notes denominated in a currency that may be converted into euro may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro, as specified in the Pricing Supplement.

8. TAXATION

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantees 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 the jurisdiction of its incorporation or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders 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 Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with, in the case of payments by a Guaranteed Issuer, the relevant Guaranteed Issuer's jurisdiction of incorporation or, in the case of payments by the Guarantor, Hong Kong other than the mere holding of the Note, Receipt or Coupon or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder 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 non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day or
- (d) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or
- (e) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon 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 Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

9 PRESCRIPTION

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 EVENTS OF DEFAULT AND ENFORCEMENT

(a) Senior Notes and Senior Guaranteed

- (i) This Condition 10(a) is applicable to all Notes which are specified in the Pricing Supplement as being Senior Notes or Senior Guaranteed Notes.
- (ii) If any of the following events (“Events of Default”) occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:
 - (1) **Non-Payment:** If default is made in the payment of any principal, premium (if any) or interest due in respect of the Notes or any of them and the default continues for a period of five days (in the case of principal) or 10 days (in the case of premium or interest); or
 - (2) **Breach of Other Obligations:** If the Issuer or, as the case may be, the Guarantor fails to perform or observe any of its other obligations under these Conditions, the Notes, the Deed of Covenant or, as the case may be, the relevant Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
 - (3) **Cross-Default:** (x) The Issuer, the Guarantor or, as the case may be, any Subsidiary shall default in the payment of any principal of or interest on any Borrowed Money beyond any period of grace provided in respect thereof; or (y) the Issuer, the Guarantor or, as the case may be, any Subsidiary shall fail to honour when due and called upon any present or future guarantee for, or indemnity in respect of, any Borrowed Money; or (z) any Borrowed Money of the Issuer, the Guarantor or, as the case may be, any Subsidiary becomes (or becomes capable of being declared) due and payable prior to its specified maturity by reason of any actual or potential default or event of default or the like (howsoever described), in each case in an aggregate principal amount of at least US\$20,000,000 or the equivalent thereof in another currency or currencies (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any lending bank on the day on which this paragraph operates); or
 - (4) **Winding-up:** An order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or, as the case may be, the Guarantor or any of their respective Material Subsidiaries (except, (x) in the case of the Issuer or, as the case may be, the Guarantor, for the purposes of a reconstruction, amalgamation or otherwise the terms of which have previously been approved by an Extraordinary Resolution of Noteholders and (y) in the case of a Material Subsidiary, for the purposes of a reconstruction, amalgamation or otherwise whilst solvent); or
 - (5) **Insolvency; Enforcement Proceedings etc.:** If (a) the Issuer, the Guarantor or, as the case may be, any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts as they fall due or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, (b) a secured party takes possession, or a

receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking or assets of the Issuer, the Guarantor or, as the case may be, any Material Subsidiary, (c) a distress or execution shall be enforced upon or against a substantial part of the assets, revenues or undertaking of the Issuer, the Guarantor or, as the case may be, any Material Subsidiary and shall not be stayed or discharged within 60 days of being enforced, (d) the Issuer, the Guarantor or, as the case may be, any Material Subsidiary proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally or (e) the Issuer, the Guarantor or, as the case may be, any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business (except, in the case of (e) only, (1) in the case of the Issuer or, as the case may be, the Guarantor, for the purposes of a reconstruction, amalgamation or otherwise the terms of which have previously been approved by an Extraordinary Resolution of Noteholder or (2) in the case of a Material Subsidiary for the purposes of a reconstruction, amalgamation or otherwise whilst solvent); or

- (6) **Analogous Events:** Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (4) or (5) above; or
- (7) **Ownership:** The Guaranteed Issuer which has issued the Notes (if applicable) ceases to be wholly-owned and controlled by DSB; or
- (8) **Illegality:** If it is or will become unlawful for the Issuer or, as the case may be, the Guarantor to perform or comply with any of its obligations under or in respect of these Conditions, the Notes, the Deed of Covenant or the relevant Guarantee and such illegality has a material adverse effect on the interests of the Noteholders; or
- (9) **Senior Guarantee:** In the case of Senior Guaranteed Notes, the Senior Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

“Borrowed Money” means indebtedness (present or future) for or in respect of monies borrowed, acceptances and the principal amount of any notes (including, for the avoidance of doubt, Notes of any other Series) debentures, bonds, bills of exchange, promissory notes or similar instruments drawn, made, accepted, issued, endorsed or guaranteed by the Issuer, the Guarantor or, as the case may be, any Subsidiary for the purpose of raising money but shall exclude bills of exchange drawn under or in respect of letters of credit or contracts for the provision of goods or services for the purposes of effecting payment and not in connection with the raising of money.

“Material Subsidiary” means at any time a Subsidiary or its Successor (as defined below) of DSB as to which one or more of the following conditions is satisfied:

- (a) its net profits or (in the case of a Subsidiary of DSB which has one or more Subsidiaries) consolidated net profits attributable to DSB (in each case before taxation and extraordinary items) are at least 5 per cent. of the consolidated net profits of DSB and its Subsidiaries (the “Group”) (in each case before taxation and extraordinary items); or
- (b) its total assets or (in the case of a Subsidiary of DSB which has one or more Subsidiaries) consolidated total assets attributable to DSB represent 5 per cent. or more of the consolidated total assets of the Group; all as calculated by reference to the then latest audited accounts (consolidated or, as the case may be unconsolidated) of such Subsidiary and the then latest consolidated audited accounts of the Group,

provided that: (i) in the case of a Subsidiary of DSB acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculation above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the Subsidiary in the accounts; (ii) if, in the case of a Subsidiary of DSB which itself has one or

more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated total assets and consolidated net profits shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose by its auditors; (iii) if the accounts of any Subsidiary of DSB (not being a Subsidiary referred to in (i) above) are not consolidated with those of DSB then the determination of whether or not the Subsidiary of DSB is a Material Subsidiary shall, if DSB requires, be based on a pro forma consolidation of its accounts, (consolidated, if appropriate) with the consolidated accounts of DSB and its Subsidiaries.

“Successor” means any entity to which is transferred or which assumes the whole or substantially the whole of the assets and undertaking or all or substantially all of the obligations of an entity which immediately prior to the transfer or assumption was a Material Subsidiary, by way of merger, consolidation, amalgamation, demerger, transfer or otherwise, whether by operation of law or pursuant to any agreement; provided that the entity which previously held such assets and undertaking or obligations shall forthwith upon the transfer or assumption cease to be a Material Subsidiary (but without prejudice to the definition of Material Subsidiary above) and the entity which assumes or, as the case may be, to which the assets and undertaking or obligations are so transferred shall become a Material Subsidiary, and for this purpose, a certificate by the auditors of the Guarantor as to whether or not an entity is a Material Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

(b) Dated Subordinated Notes

- (i) This Condition 10(b) is applicable to all Notes which are specified in the Pricing Supplement as being Dated Subordinated Notes.
- (ii) If default is made in the payment of any principal, premium (if any) or (subject to Condition 3(b)) interest due in respect of the Dated Subordinated Notes or any of them and the default continues for a period of five days (in the case of principal) or 10 days (in the case of premium or interest) (each such event, an “Enforcement Event”), any holder of a Dated Subordinated Note of the relevant Series may, in order to enforce payment, at its discretion and without further notice institute Winding-Up Proceedings of DSB in Hong Kong, but may take no further action in respect of such default.
- (iii) If an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of DSB in Hong Kong (whether or not an Enforcement Event has occurred and is continuing and except where such order or resolution is for the purposes of a reconstruction, amalgamation or otherwise the terms of which have previously been approved by an Extraordinary Resolution of Noteholders) (each such event, also an “Enforcement Event”) then any holder of a Dated Subordinated Note may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare such Notes held by the holder to be forthwith due and payable (subject to the prior satisfaction of the appropriate condition as to solvency set out in Condition 3) whereupon the same shall become forthwith due and payable (subject as aforesaid) at the Early Redemption Amount (as described in Condition 6(b)), together with accrued interest (if any) to the date of repayment, without further action or formality of any kind.
- (iv) If a Write-off has occurred pursuant to, or otherwise in accordance with Condition 6, such event shall not constitute an Enforcement Event under these Conditions.

In these Conditions, “Winding-Up Proceeding” shall mean, with respect to DSB, proceedings in Hong Kong for the bankruptcy, liquidation, winding-up, administrative receivership, or other similar proceeding of DSB (as applicable).

11 MEETING OF NOTEHOLDERS AND MODIFICATIONS

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown in the Pricing Supplement, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (ix) to modify or cancel any of the Guarantees, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of Agency Agreement:** The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

12 REPLACEMENT OF NOTES, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Paying Agent in London (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, 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 and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

14 NOTICES

Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong (which is expected to be the South China Morning Post). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, in addition, for so long as any such Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange.

A Non-Viability Event Notice to the relevant Noteholders shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Hong Kong (which is expected to be the Asian Wall Street Journal) or, so long as relevant Dated Subordinated Notes are listed on the SGX-ST or, as the case may be, any other stock exchange, published on the website of the SGX-ST (www.sgx.com) or, as the case may be, the website of such stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

15 CURRENCY INDEMNITY

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Notes, the Receipts, the Coupons, the Talons, the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3 hereof shall be governed by, and construed in accordance with the laws of Hong Kong.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons, Talons, the Agency Agreement, the Deed of Covenant and the Deed of Guarantee (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes, Receipts, Coupons, Talons, the Agency Agreement, the Deed of Covenant and the Deed of Guarantee) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons, the Agency Agreement, the Deed of Covenant and the Deed of Guarantee (“Proceedings”) may be brought in such courts. Each of the Guaranteed Issuers and the Guarantor irrevocably submits to the jurisdiction of the courts of England 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. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons 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).
- (c) **Service of Process:** Each of the Guaranteed Issuers and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited of Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Guaranteed Issuers or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Guaranteed Issuers and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) or deposit of a Global Note with a sub-custodian for the CMU Service or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear and Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules shall be the only person(s) entitled (or, in the case of Registered Notes, directed or deemed by the CMU Service as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Service for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

Exchange

1. *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- 1.1. if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Summary of the Programme — Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and

- 1.2. otherwise, in whole or in part upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes, provided that the CMU Service may require that any such exchange for interests in a permanent Global Note is made in whole and not in part.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

The CMU Service may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

2. *Permanent Global Notes*

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes or, in the case of 2.2 below, Registered Notes:

- 2.1. if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; or
- 2.2. (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3. *Permanent Global Certificates*

If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- 3.1. if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- 3.2. if principal in respect of any Notes is not paid when due; or
- 3.3. with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

5. *Delivery of Notes*

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6. *Exchange Date*

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

In relation to any issue of Notes which are represented by a Temporary Global Note which is expressed to be exchangeable for Definitive Notes at the option of Noteholders, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1. *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance

with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement. Save as set out in the following paragraph, all payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(e) will apply to the Definitive Notes only.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25th December and 1st January.

In respect of a Global Note or Global Certificate representing Notes held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU Service) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, "Clearing System Business Day" means a day on which the CMU Service is operating and open for business.

For the purpose of any payment made in respect of a Global Note (except with respect to Global Note held through the CMU Service), the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

2. Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

5. Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective Subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. *Issuer's Options*

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system (as the case may be).

7. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent), for notation.

8. *Events of Default and Enforcement Events*

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due (in the case of Senior Notes) or (in the case of Dated Subordinated Notes) following the occurrence of an Enforcement Event, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against DSB under the terms of an Amended and Restated Deed of Covenant executed as a deed by DSB as Issuer on 23rd June, 2014 or subsequently by each New Issuer on its accession to the Programme to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be.

9. *Notices*

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU Service in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU Service.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]

[DAH SING BANK, LIMITED 大新銀行有限公司/[NEW ISSUER]]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Dah Sing Bank, Limited]
under the US\$2,000,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 22nd July, 2022 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated 23rd July, 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 23rd July, 2021 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

UK MIFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels]

[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information

document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS –

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor [United Kingdom (“UK”)]/[UK]. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (“FSMA”) to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[.]/[; or] [(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA]. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)]¹

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- 1 [(i)] Issuer: [Dah Sing Bank, Limited 大新銀行有限公司
(Legal Entity Identifier of the Issuer:
54930092R8KXPUNCUI17)/[NEW ISSUER]]
- [(ii)] Guarantor: Dah Sing Bank, Limited 大新銀行有限公司
*(delete for direct issues by Dah Sing Bank,
Limited)]*
- 2 [(i)] Series Number: [●]
- [(ii)] Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.) [●]
- 3 Specified Currency or Currencies: [●]
- 4 Aggregate Nominal Amount:
 - (i) Series: [●]
 - [(ii)] Tranche: [●]

1. For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

- 5 [(i)] Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
- [(ii)] Net proceeds: [●] (*Required only for listed issues*)
- 6 (i) Specified Denominations: [●]⁽ⁱ⁾
- (ii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [*Specify/Issue date/Not Applicable*]
- 8 Maturity Date: [*specify date (for Fixed Rate Notes) or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]⁽ⁱⁱ⁾
- 9 Interest Basis: [[●] per cent. Fixed Rate]
[*specify reference rate*] +/- [●] per cent.
Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (*specify*)]
(*further particulars specified below*)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
- 11 Change of Interest or Redemption/
Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Put]
[Call]
(*NB: HKMA approval will be required in the case of Subordinated Notes*)
[(*further particulars specified below*)]
- 13 [(i)] Status of the Notes: [Senior Notes/Dated Subordinated Notes/
Senior Guaranteed Notes]
- [(ii)] Status of the Guarantee: Senior
- 14 Listing: [Singapore Exchange Securities Trading Limited (the “SGX-ST”)/Other (*specify*)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year⁽ⁱⁱⁱ⁾ [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]* /not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount^(iv)
- (iv) Broken Amount: [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction (Condition 5(j)): [30/360/Actual/Actual (ICMA/ISDA)/Other] *(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in US dollars, Renminbi or Hong Kong dollars, unless the client requests otherwise)*
- (vi) Determination Date(s) (Condition 5(j)): [●] in each year. *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*^(v)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 17 Floating Rate Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (iv) Business Centre(s) (Condition 5(j)): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (vi) Interest Period Date(s): [Not Applicable/specify dates] *(Not applicable unless different from Interest Payment Date)*
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]

- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate: [●]
 - Interest Determination Date: [[●] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
 - Relevant Screen Page: [●]
 - SOFR:
 - SOFR Benchmark [Not Applicable/[Simple SOFR Average/ Compounded Daily SOFR/Compounded SOFR Index] *(Only applicable where the Reference Rate is SOFR)*
 - Compounded Daily SOFR [Not Applicable/SOFR Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout] *(Only applicable in the case of Compounded Daily SOFR)*
 - Lookback Days [Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Lag)*
 - SOFR Observation Shift Days [Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Observation Shift or Compounded SOFR Index)*
 - Interest Payment Delay Days [Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Payment Delay)*
 - SOFR Rate Cut-Off Date [Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Period] *(Only applicable in the case of [Simple SOFR Average,] Compounded Daily SOFR: SOFR Payment Delay or Compounded Daily SOFR: SOFR Lockout)*
 - SOFR IndexStart [Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of Compounded SOFR Index)*
 - SOFR IndexEnd [Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of Compounded SOFR Index)*
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [2000/2006]
- (x) Margin(s): [+/-] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum

(xii) Maximum Rate of Interest:	[●] per cent. per annum
(xiii) Day Count Fraction (Condition 5(j)):	[●]
(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions ² :	[Benchmark Discontinuation/Benchmark Discontinuation (SOFR)/specify other if different from those set out in the Conditions]
18 Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Amortisation Yield (Condition 6(b)):	[●] per cent. per annum
(ii) Day Count Fraction (Condition 5(j)):	[●]
(iii) Any other formula/basis of determining amount payable:	[●]
19 Index Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Index/Formula:	[Give or annex details]
(ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
(iv) Interest Period(s):	[●]
(v) Specified Interest Payment Dates:	[●]
(vi) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
(vii) Business Centre(s) (Condition 5(j)):	[●]
(viii) Minimum Rate of Interest:	[●] per cent. per annum
(ix) Maximum Rate of Interest:	[●] per cent. per annum
(x) Day Count Fraction (Condition 5(j)):	[●]
20 Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]

². None of the following values may be specified as less than five in any Pricing Supplement without the prior written approval of the Calculation Agent:

- (i) the number of Lookback Days;
- (ii) the number of SOFR Observation Shift Days; and
- (iii) in respect of the definition of “SOFR Rate Cut-off Date”, the number of U.S. Government Securities Business Days prior to the relevant Interest Payment Date / Maturity Date / Optional Redemption Date

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(j)): [●]

PROVISIONS RELATING TO REDEMPTION

[NB: Subject to the provisions of Condition 6(i), Call Options and Put Options for Dated Subordinated Notes will not be permissible without the prior consent of the HKMA]

[NB: Specify the applicability of Write-off provisions pursuant to Condition 6(k)]

- 21 Call Option [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
- 22 Put Option [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]
- 23 Final Redemption Amount of each Note [●] per Calculation Amount
- 24 Early Redemption Amount
 - (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c)) or Regulatory Redemption Event (Condition 6(j)) or Event of Default (Condition 10(a)) or an Enforcement Event (Condition 10(b)) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Bearer Notes/Exchangeable Bearer Notes/Registered Notes] *[Delete as appropriate]*

(i) Temporary or permanent global Note/Certificate ^(vi) :	[temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate] [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice] [permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
(ii) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
26 Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/ <i>Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate</i>]
27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. <i>If yes, give details</i>]
28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/ <i>give details</i>]
29 Details relating to Instalment Notes:	[Not Applicable/ <i>give details</i>]
(i) Instalment Amount(s):	[●]
(ii) Instalment Date(s):	[●]
(iii) Minimum Instalment Amount:	[●]
(iv) Maximum Instalment Amount:	[●]
30 Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
31 Consolidation provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
32 Other terms or special conditions:	[Not Applicable/ <i>give details</i>]
DISTRIBUTION	
33 (i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i>]
(ii) Stabilisation Manager (if any):	[Not Applicable/ <i>give name</i>]
34 If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i>]
35 Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]
36 Prohibition of Sales to UK Retail Investors	[Applicable/Not Applicable]

- 37 Additional selling restrictions: [Not Applicable/*give details*]
- 38 US Selling Restrictions: Reg. S Category 2
- 39 Private Bank Rebate: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 40 ISIN Code: [●]
- 41 Common Code: [●]
- 42 CMU Instrument Number: [●]
- 43 Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 44 Delivery: Delivery [against/free of] payment
- 45 The Agents appointed in respect of the Notes are: [●]

GENERAL

- 46 The aggregate principal amount of Notes issued has been translated into US dollars at the rate of [●], producing a sum of (for Notes not denominated in US dollars): [Not Applicable/US\$[●]]
- 47 In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: [Not Applicable/Luxembourg]
- 48 In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London: [Not Applicable/Hong Kong]
- 49 Use of Proceeds: *[To be specified if different from the use of proceeds set out in the Offering Circular]*

[LISTING APPLICATION]

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US\$2,000,000,000 Euro Medium Term Note Programme of Dah Sing Bank, Limited 大新銀行有限公司.]

[STABILISATION]

In connection with this issue, [insert name of Stabilisation Manager(s)] (the “**Stabilisation Manager(s)**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document, there/There]^(viii) has been no significant change in the financial or trading position of the Issuer[, the Guarantor] or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer[, the Guarantor] or of the Group since [*insert date of last published annual accounts*].]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Approval in-principle from, admission to the Official List of, and listing and quotation for the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer or the Guarantor, its subsidiaries, its associated companies, or of the merits of the Programme or the Notes. The SGX-ST takes no responsibility for the correctness of any statement made or opinions expressed or reports contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____
Duly authorised

[Signed on behalf of the Guarantor:

By: _____
Duly authorised]

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- (i) Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

(N.B. For Bearer Notes with a Specified Denomination and higher integral multiples above the minimum denomination, consider including language substantially to the following effect (however, appropriate amendments should be made for different currencies):

“[€50,000]/[€100,000] and integral multiples of [€1,000] in excess thereof, up to and including [€99,000]/[€199,000] and, for so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradeable only in the minimum authorized denomination of [€50,000] and higher integral multiples of [€1,000], notwithstanding that no definitive notes will be issued with a denomination above [€99,000]/[€199,000].”

- (ii) Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.
- (iii) Note that for certain Renminbi and Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, “Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●].”
- (iv) For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the actual number of days in the Interest Accrual Period (as defined in Condition 5(j) divided by Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes, HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards. For the purposes of this paragraph and the Day Count Fraction referred to herein, “Calculation Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first 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.”
- (v) Only to be completed for an issue where the Day Count Fraction is Actual/Actual-ICMA.
- (vi) The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes the formulation referred to in Note 1 above. Furthermore, the Specified Denomination formulation referred to in Note 1 above is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.
- (vii) If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

USE OF PROCEEDS

The net proceeds from each issue of Notes by DSB will be used by the Group for its general banking and other corporate purposes.

RISK FACTORS

Risks Relating to the Business Operations of the Bank

An economic downturn or any adverse change in social and political environment in Hong Kong or any other economies may materially and adversely affect the Bank's financial condition and results of operations.

The Bank conducts most of its operations and generates most of its revenues in Hong Kong. The financial condition and results of operations of the Bank will be closely affected by the economic development in Hong Kong. For example, the ongoing widespread of the novel coronavirus disease, COVID-19, since January 2020 has caused severe disruptions to business and economic activities in Hong Kong, Macau, the PRC and globally, and restricted cross-border travel. Consumer confidence has been materially impacted due to the continued escalation of the COVID-19 pandemic. Mass vaccinations have been rolled out in different parts of the world to manage down subsequent waves of infection. There can be no assurance that such measures will be effective in ending or deterring the spread of COVID-19. The Bank's borrowers may experience difficulties meeting their obligations or seek to forebear payment on or refinance their loans for lower rates. While the Government of HKSAR ("**HKSARG**") has introduced certain economic relief measures, there can be no assurance that such measures will have the intended effects. Any significant or sudden economic slowdown, recession or other adverse changes or developments in the local social and economic environment in Hong Kong may adversely affect the Bank's business, financial condition, results of operations and prospects.

Civil unrest and an uncertain political environment may impact Hong Kong's economy. Protests causing disruptions to businesses, commercial activities and transportation systems, such as the recent escalation of the political tension due to the implementation of the national security legislation in 2021, may adversely impact investor confidence and affect overall business activities, which in turn may have a negative impact on our banking business in Hong Kong. Any instability in the social and political landscape of Hong Kong may adversely affect the Bank's business, financial condition and the results of its operations. Civil unrest is outside the control of the Bank and there can be no assurance that further large-scale protests will not occur in the future which may affect the stability of the political and economic landscape in Hong Kong.

Further, with the increasing interaction between the PRC and Hong Kong economies, policies of the PRC are also expected to have varying degrees of impact on Hong Kong and Hong Kong companies conducting their businesses in the PRC. The Bank and its customers may be affected accordingly. The Bank's commercial banking business provides services to institutional and corporate customers including customers in the trade, manufacturing and exports sectors in Hong Kong and the PRC. The quality of the Bank's assets and results of operations could be negatively affected if the exports of the PRC, particularly the exports of the Pearl River Delta Region, are significantly affected by an economic downturn, international trade disputes or geopolitical issues. The credit quality of the Bank's commercial and retail mortgage loans could be affected by any decline in property values. Furthermore, the credit quality of the Bank's unsecured personal loans is sensitive to local economic conditions, particularly the unemployment rate and personal bankruptcy. The quality of the Bank's treasury and loan assets is also exposed to the performance of other major economies such as the United States and European countries.

In addition to its operation in Hong Kong, the Bank owns a 100% interest in Banco Comercial de Macau, S.A. ("**BCM**"), which is a licensed bank in Macau active in retail and commercial banking. The Macau economy has shown some signs of recovery after experiencing a sharp contraction in 2020. There is no assurance that the economic environment in Macau will always be favourable to BCM.

The Bank is expanding its business and operations in the PRC through its wholly-owned Subsidiary in China, Dah Sing Bank (China) Limited ("**DSB China**"), which commenced operations in August 2008. The Bank's performance and the quality and growth of its assets in the PRC are dependent on the overall economic, regulatory and political conditions of the country. The quality of the Bank's loans granted in the PRC, or to companies that have business interest in the PRC, may be affected by the general state of the economy, material regulatory changes and significant political, social or legal uncertainties or changes in the PRC (including changes in political leadership, the

inflation rate, Renminbi interest rates, and Renminbi exchange rate, etc.). There can be no assurance that the economic and political environment in the PRC will remain favourable to the Bank's business in the PRC in future.

A global or regional financial crisis or financial instability in the countries where the Bank does business could adversely affect its operations, asset quality and growth.

The Bank has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit.

There are a number of uncertainties ahead in the global markets, including the escalation of tension between the United States and the PRC over trade policies and development relating to the COVID-19 pandemic.

If there is another global or regional financial crisis or a severe economic downturn in the Bank's primary markets, this would likely have a material adverse effect on the Bank's business, financial condition or results of operations.

Governments and central banks in various jurisdictions have implemented measures aiming to stabilise the financial markets. The impact of these measures, as well as whether such measures would be successful in achieving their intended purposes in stabilising the financial markets, remain uncertain at this stage. Any continuing instability in the financial markets may materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

The Bank is facing significant competition, which may have an adverse effect on its financial condition and results of operations.

The Bank, including its Subsidiaries in Macau and the PRC, is subject to significant competition from other local and international banks operating in Hong Kong, Macau and the PRC, including competitors that may have greater financial and other resources, or innovative methods of business.

The financial services sector in Hong Kong is a mature and open market. Many of the international and local banks operating in Hong Kong compete for substantially the same customers as the Bank. The high intensity of competition may cause an adverse impact on the pricing of certain bank products and thus have an adverse effect on the Bank's financial condition and results of operations by:

- reducing its market share in the principal products and services that the Bank offers;
- reducing the growth of its loan and deposit portfolios and other products and services;
- reducing its net interest income;
- reducing its fee and commission income; and
- increasing its expenses.

The Bank will be exposed to various risks as it expands its range of products and services.

According to statistics published by the Hong Kong Monetary Authority (the "HKMA"), there were 157 international and local licensed banks as at 31st May, 2022, competing for a population in Hong Kong of approximately seven and a half million people. There is a limited market, especially for business from personal banking products such as residential mortgage loans, credit cards and personal loans. The Bank expects that further consolidation in the industry, in particular among medium-sized Hong Kong banks, will continue to intensify competition. There can be no assurance that the Bank will be able to compete effectively in the face of such increased competition. Increased competition may make it difficult for the Bank to increase the size of its loan portfolio and deposit base and may cause intense pricing competition, which could have an adverse effect on its growth plans, interest and other margins, ability to pass on increased costs of funding, results of operations and financial condition.

Expansion of the Bank's operations through merger, acquisition and alliance may give rise to a risk if not managed effectively.

The Bank has a history of expanding its business in Hong Kong, Macau, and the PRC markets through mergers, acquisitions and alliances, and the Bank may enter into similar transactions in future if suitable opportunities arise. Expansion of the Bank's business through merger and acquisition will expose the Bank to new risks and challenges as it may require significant operational, administrative and management resources. The success of any merger, acquisition or alliance will depend on the ability of the Bank's management to integrate the operations of newly-acquired businesses with its existing operations and, where applicable, to integrate various departments, systems and processes. There is no assurance that acquired entities will achieve the level of performance that the Bank anticipates. It is also uncertain that the projected demand for and margins of the Bank's products and services will be realised. The failure to manage expansion effectively could have an adverse effect on the Bank's financial condition and results of operations.

The Bank is subject to minimum regulatory capital and liquidity requirements.

The Bank is subject to the risk inherent in all regulated financial businesses of having insufficient capital resources to meet the minimum regulatory capital requirements. Capital requirements are more sensitive to market movements than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Bank to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Bank's results of operations. A shortage of available capital might restrict the Bank's capability of business for expansion.

Under the New Basel Capital Accord issued by the Basel Committee on Banking Supervision ("Basel III"), new and extensive capital and liquidity requirements have continued to emerge. On 17th December, 2009, the Basel Committee on Banking Supervision (the "Basel Committee") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". On 16th December, 2010 and on 13th January, 2011, the Basel Committee issued its final guidance on Basel III. The initial stage of the Basel III capital reforms has been implemented by the government of Hong Kong since the beginning of 2013, and the full implementation of the reforms will be completed by January, 2023. The Basel Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement and total Tier 1 capital requirement. In addition, banks are required to maintain, in the form of common equity (or equivalent), a capital conservation buffer to withstand future periods of stress. If there is excess credit growth in any given country resulting in a system-wide build up of risk, a countercyclical buffer of common equity is applied as an extension of the conservation buffer. Furthermore, systemically important banks should have loss absorbing capacity beyond these standards. The Basel III reforms also require Tier 1 and Tier 2 capital instruments to be more loss-absorbing. The reforms therefore increase the minimum quantity and quality of capital which banks are obliged to maintain. There can be no assurance as to the availability or cost of such capital. The capital requirements are to be supplemented by other financial measures such as leverage ratio, liquidity coverage ratio, net stable funding ratio, etc. The HKMA may from time to time further implement the package of reforms in a manner that is different from aforesaid, or may impose additional capital requirements on authorized institutions.

If the regulatory capital requirements, liquidity restrictions or measures applied to the Bank increase in the future, any failure of the Bank to comply with such regulatory capital requirements could result in administrative actions or sanctions, which may have an adverse effect on the Bank's results of operations.

The Bank may need additional capital in the future and there can be no assurance that the Bank will be able to obtain such capital on acceptable terms, or at all.

The Bank's financial condition, results of operations and capital position are affected by a range of factors such as economic conditions, interest rates, market and credit environments, asset quality, operating income and level of provisioning. A severe downturn in the economy may result in deterioration in the Bank's asset quality and, therefore, an increase in provisions for bad and doubtful debts or loan impairment losses, which may result in a deterioration of the Bank's capital adequacy position. In a very volatile market where the value of financial assets fluctuates widely, the unrealised

negative mark-to-market adjustment to financial assets held by the Bank may materially or adversely affect the Bank's Tier 1 capital and total capital. To ensure that it remains in compliance with applicable capital requirements under relevant law, rules and regulations (including guidelines issued by the HKMA, the Bank may from time to time raise additional capital through such means and in such manner as it may consider appropriate including, without limitation, the issue of further notes (whether on terms similar to the Notes issued under the Programme or otherwise) or other hybrid capital instruments, subject to any regulatory approval that may be required. There can be no assurance that the Bank will be able to obtain additional capital in a timely manner or on acceptable terms, or at all. Failure to raise necessary capital on a timely and acceptable basis may severely affect the short-term financial position and operations, and/or the medium-term development of the Bank.

The Bank may not be able to maintain sufficient portion of long-term funding, and if depositors do not roll over their deposits upon maturity, the Bank's liquidity could be adversely affected.

The Bank's primary sources of funding comprise customer deposits, certificates of deposit and shareholders' funds. The Bank's customer deposits with a remaining maturity of three months or less form a significant portion of the total customer deposits. Historically, a substantial portion of such customer deposits have been rolled over upon maturity. However, no assurance can be given that this pattern will continue. If a substantial number of depositors do not roll over deposited funds upon maturity, the Bank's liquidity position would be adversely affected and it may need to seek alternative sources of short-term or long-term funding to finance its operations, which may be more expensive than current deposits. The Bank's funding is primarily short-term, and if depositors do not roll over their deposits upon maturity, the Bank's liquidity could be adversely affected.

In October 2008, to minimise the impact of the financial crisis on the banks in Hong Kong and to restore depositor confidence, the government of Hong Kong announced the use of the Hong Kong government's Exchange Fund to guarantee repayment of all customer deposits held with authorized institutions in Hong Kong subject to the rules laid down in the Deposit Protection Scheme established under the Deposit Protection Scheme Ordinance (Cap. 581) of the Laws of Hong Kong. The guarantee expired on 31st December, 2010. On 1st January, 2011, the Deposit Protection Scheme (Amendment) Ordinance 2010 (the "**Amendment Ordinance**") came into effect upon expiration of the guarantee. Amongst other things, the Amendment Ordinance increases the Deposit Protection Scheme limit established under the Deposit Protection Scheme Ordinance from HK\$100,000 to HK\$500,000. On 24th March, 2016, the Deposit Protection Scheme (Amendment) Ordinance 2016 (the "**2016 Amendment Ordinance**") came into effect. Amongst other things, a gross payout approach is adopted for the determination of compensation under the Deposit Protection Scheme in case the scheme is triggered. Under this approach, any compensation paid to depositors is determined on the basis of their aggregate protected deposits held with a failed bank (up to HK\$500,000 per depositor) without deducting the amount of liabilities owed by those depositors to the same bank. However, there can be no assurance that the level of customer deposits of the Bank will not be adversely affected by the expiration of the guarantee, the future withdrawal of or any other changes to the Deposit Protection Scheme.

The HKMA acts as the lender of last resort to all authorized institutions in Hong Kong to provide support for liquidity needs in the banking system generally and/or to specific institutions. In this regard, certain portions of the Bank's interest-earning assets are acceptable to the HKMA for such emergency funding support. However, there can be no assurance that the HKMA will always take measures to assist banks in Hong Kong in the future or that it would always elect to provide liquidity support in the future to the Bank in the event of a liquidity crisis.

The Bank's business is vulnerable to volatility in interest rates.

The Bank's net interest income is a significant factor in determining its overall financial performance. Changes in market interest rates affect the interest received on the Bank's interest-earning assets and the interest paid on the Bank's interest-bearing liabilities. These changes could result in an increase in the Bank's interest expenses relative to its interest income, which may lead to a reduction in its net interest income. Interest rates in Hong Kong are sensitive to factors over which the Bank has no control, including Prime Rate and HIBOR movements in Hong Kong, and domestic and international economic and political conditions having an impact on local and international interest rates. Any significant volatility and abrupt movements in interest rates could adversely affect the Bank's financial condition and results of operations.

In addition, the Bank is subject to interest rate risk as a result of mismatches in the pricing and duration of its assets and liabilities. A significant part of the Bank's funding requirements is met through short-term or floating rate funding sources, primarily in the form of deposits, including customer deposits, inter-bank deposits and certificates of deposit, which tend to be at floating rates and are regularly repriced. In contrast, some of the Bank's assets either receive a fixed rate of interest or if they receive a floating rate of interest, they may not be repriced as frequently as the Bank's deposits. In a volatile interest rate environment, there can be no assurance that the Bank's net interest margin will not be impacted and the Bank's net interest income may reduce.

An increase in interest rates could lead to decline in value of securities in the Bank's treasury portfolio. A sustained increase in interest rates could also increase the Bank's funding costs without proportionate increase, or any increase at all, in loan demand or yield. Rising interest rates would therefore require the Bank to re-balance its assets and liabilities in order to minimize the risk of potential mismatches. In addition, high interest rate levels may adversely affect the economy in Hong Kong, Macau and the PRC, and the financial condition and repayment ability of relevant corporate and retail borrowers, including holders of credit cards, which in turn may lead to a deterioration in the Bank's credit portfolio.

The Bank has significant exposure to the Hong Kong property market.

The Bank has significant exposure to the Hong Kong property market. The Hong Kong property market is highly cyclical and property prices in general have been volatile. During the period from 1997 to the first half of 2003, property prices and transaction volumes in the Hong Kong property market have experienced significant declines although both have risen significantly since the end of 2003. In addition, while the Hong Kong property market showed improvement during the period from 2004 to the first half of 2008, property prices in Hong Kong declined in the second half of 2008 and early 2009, before increasing significantly since the second half of 2009.

In view of the increasing risk of a property price bubble, the Hong Kong Government has in recent years introduced various cooling measures to the Hong Kong property market, including the new Special Stamp Duty, new Buyer's Stamp Duty, and an increase of stamp duty payable on property transaction to 15% (save the first time home buyers who are Hong Kong permanent residents). In October 2012, the financial secretary of the Hong Kong Government announced that the Stamp Duty Ordinance (Cap. 117) of Hong Kong would be amended to adjust the rate and to extend the holding period of Special Stamp Duty ("SSD"). Under the adjusted regime, any residential property acquired and resold within 36 months will be subject to the new rates of SSD. The financial secretary also announced in October 2012 that a flat rate of 15% Buyer's Stamp Duty is to be charged on all residential property acquired by any person (or company) that is not a Hong Kong permanent resident, in addition to the existing stamp duty and SSD, if applicable. In February 2013, the financial secretary announced further changes to the stamp duty regime, to adjust the ad valorem stamp duty ("AVD") rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. In November 2016, the Hong Kong government announced further cooling measures in the form of an increase to stamp duty payable on property transactions to 15%, effective from 5th November, 2016, and applying to all residential property acquired by individuals or companies with the exception of first time home buyers who are Hong Kong permanent residents. On 12th April, 2017, this increased stamp duty was extended to apply to first-time Hong Kong permanent resident property buyers acquiring multiple properties under a single contract. The HKMA has also implemented regulatory measures to mitigate risks in residential mortgage lending in the banking sector. This has included prudential measures implemented gradually between late 2009 and mid-2011 to lower loan-to-value ratio caps for mortgages on various ranges of properties. All of the aforesaid measures by the Hong Kong Government and HKMA are subject to changes from time to time reflecting domestic political or economic circumstances. There is no assurance that the Hong Kong Government or HKMA will not introduce further measures in the future that may have a significant impact on the Hong Kong property market, which may in turn affect the Bank's asset quality or cause adverse effect on the Bank's business. The property prices may be affected by a number of factors beyond the Bank's control, including the policies of the Hong Kong Government (including any further cooling measures that may be implemented from time to time), Hong Kong interest rate movements which are largely dependent on the timing and pace of US rate adjustments, capital outflows in relation to the global competitive monetary easing, growth prospects of the Hong Kong economy, economic and property

market developments in the PRC, and the demand/supply balance in local market, etc. Any substantial decrease in property values could adversely affect the Bank's business and financial condition and/or results of operations.

The Bank's personal banking portfolio carries a higher degree of credit risk than its other types of lending.

The Bank has developed its personal financial services business through key products such as credit cards and unsecured personal loans. The Bank recognises that there is higher degree of credit risk associated with these products as a result of the absence of collateral and their vulnerability to any economic downturn. If there is any substantial downturn in the economy, the credit quality and charge off rates of the Bank's unsecured consumer lending portfolio may deteriorate.

If the Bank is unable to control the level of impaired loans in its loan portfolio, its financial condition and results of operations will be materially and adversely affected.

Under Hong Kong Financial Reporting Standard No. 9 (“**HKFRS 9**”) which replaced HKAS 39 with effect from 1st January, 2018, impairment from an adverse change in credit loss expectations (i.e. an expected loss model) is recorded when financial instruments are first recognised. In addition, expected credit losses (“**ECL**”) are continuously re-estimated and the Bank is required to take up full lifetime expected losses on a timely basis.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of businesses of the Bank and there can be no assurance that the Bank will be able to control effectively the level of impaired loans in its loan portfolio and the credit quality of its borrowers and counterparties. In particular, the amount of the Bank's reported impaired loans, the ratio of its impaired loans to its loans and advances to customers may increase and the recoverability and value of the assets of the Bank may reduce in the future as a result of deterioration in the quality of its loan portfolio. Such deterioration may occur for a variety of reasons, including factors which are beyond the Bank's control. Furthermore, a portion of the Bank's allowances for impairment losses are estimated based on historical patterns of losses of its loan portfolio. As historical patterns may differ from the Bank's future experience, its current allowances for impairment losses on loans and advances may not be adequate to cover any further increase in the amount of impaired loans or any future deterioration in the overall credit quality of the Bank's loan portfolio.

Under HKFRS 9, the assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be forward-looking but there is no precise method for prediction of loan losses, and there can be no assurance that the Bank's allowance for impairment losses on loans and advances is or will be sufficient to cover actual losses. Furthermore ECL incurred in each year would be subject to the relevant assessment method, which may be modified or changed with cause from time to time, and thus it may introduce further volatility of ECL incurred. If the Bank is unable to manage the above risks and control the level of its impaired loans, its financial condition and results of operations will be materially and adversely affected.

The Bank's classification of loans and its policy in relation to the adequacy of allowance for loan losses may be different from the standards of other countries.

In accordance with guidelines set by the HKMA, the Bank classifies its problem loans into one of three categories corresponding to levels of risk: “sub-standard”, “doubtful” and “loss” in addition to the three stages of asset quality prescribed under HKFRS 9. The classification of loans into one of these categories depends on various quantitative and qualitative factors, including the number of months payment in arrears, the type of loan, the tenor of the loan, the likelihood of collection, the type and amount of collateral, sufficiency of the net realisable value of the security to cover the amount of principal and accrued interest, the number of days the payment of principal or interest has fallen overdue, and the expectations for recovery or performance. The laws, regulations and guidelines governing banking in Hong Kong may differ from those applicable in certain other countries in certain respects and may result in particular loans being classified at a time or being classified in a category

reflecting a degree of risk different from what would be required in certain other countries. In addition, the typical procedures for writing off loans in Hong Kong may result in loans being written off at a time different from what would be required in certain other countries. Banks in Hong Kong may have different sets of criteria for recognition of accrued interest on loans which may be treated differently in certain other countries. While the Bank believes that its loan policies are generally in line with those which are required under Hong Kong laws and regulations, the Bank is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong.

Downgrades to the Bank's credit ratings or outlook could impair its access to funding and its competitive position.

The Bank's access to the capital and, to a lesser extent, the wholesale markets, and the cost of borrowing in these markets, is influenced by the credit ratings assigned to the Bank by the rating agencies. On 27th March, 2020, Moody's changed the outlook of the A2 long term deposit ratings of three banks in Hong Kong, including the Bank, from stable to negative. On 14th May, 2021, Fitch affirmed the Bank's long-term issuer default rating at BBB+ and the Bank's subordinated debt issue ratings at BBB-. Any changes in the credit ratings of the Bank could affect its ability to borrow from other financial institutions or to engage in funding transactions on favourable terms, or at all. Downgrade in the credit ratings of the Bank may also lead to deteriorating investor sentiment towards the Bank. All of these factors may reduce the Bank's earnings and its profit in any given period.

Operational risks are inherent in the Bank's business which if realised, may have an adverse effect on its business.

Operational risk refers to the risk resulting from inadequate or failed internal processes, people or systems, or threats from external events. Operational risks arise from the daily operation and fiduciary activities of the Bank. The Bank is also exposed to operational failings by third-party service providers (including outsourcing), to natural disasters, political, security and social events and to failings in the financial services sector. While the Bank maintains an appropriate operational risk management framework, deficiencies in the internal processes and systems within the Bank could affect its ability to process, summarise and report financial and other data in a timely and accurate manner. These deficiencies could also increase the chance for financial reporting errors and non-compliance with regulations.

In addition to the aforesaid, the Bank is exposed to many other types of operational risks, including the risk of fraud, unauthorised transactions or other misconduct by employees (including the violation of regulations for the prevention of corrupt practices, and other regulations governing its business activities).

Although the Bank seeks to improve its risk management and internal controls against fraud, corruption and other misconduct, the business, reputation and prospects of the Bank may be adversely affected if it is not able to detect and prevent fraud, corruption or other misconduct committed by its employees, customers or other third parties in a timely manner.

In addition, the Bank is exposed to risks associated with operational errors, including clerical or record-keeping errors or errors resulting from faulty computer or telecommunications systems. The proper functioning of its business processing, accounting, financial controls, risk management, customer service and other business is dependent on the Bank's information technology ("IT") systems and communication networks with the third parties. If the fundamental system which supports the Bank's business suffers from malfunction or disruption, including system problems or communication disruption of its systems and the systems of any third parties it engages, it may have material adverse effect on its ongoing business. The Bank also upgrades its IT systems and introduces new IT systems from time to time. However, delays, system failures or other accidents may occur during such system upgrades or introduction of new systems. In addition, the upgraded or new IT systems may not be able to achieve the anticipated processing capacity and availability, and may not be able to meet the needs of its business growth in the future. The Bank's failure to address these problems promptly, including any delay in the implementation of any upgraded or new information systems, could result in its inability to perform, or delays in performing critical business operational functions, the loss of key business data, or a failure to comply with regulatory requirements, which could have a material adverse effect on its business, financial condition and results of operations.

The Bank is further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to the Bank (or will be subject to the same risk of fraud or operational errors by their employees). Moreover, the Bank is exposed to the risk that its (or its vendors') business continuity and data security systems would be insufficient in case of a system failure or natural disaster.

Given the Bank's high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, the Bank's dependence upon automated systems to record and process transactions may further increase the risk of technical system flaws or employee tampering or manipulation of those systems that will result in losses that may be difficult to detect. The Bank may also be subject to disruptions of its operating systems, arising from events that are wholly or partially beyond its control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to deterioration in customer service and loss or liability to the Bank. The Bank also faces the risk that the design of its controls and procedures may prove inadequate or be circumvented, thereby causing delays in detection of errors. Although the Bank maintains back-up systems at an off-site location for its core banking systems, implements business continuity drills once a year for contingencies such as power failure, fire, and contagious disease, and maintains a system of controls designed to keep operational risks at appropriate levels, there can be no assurance that it will not suffer material losses from operational risks in the future. The Bank's reputation may also be adversely affected by the occurrence of any such event involving its employees, customers or third parties.

Any inability to attract and retain talented professionals may adversely impact the Bank's business.

The ability to sustain growth and meet future business demands depends on an ability of the Bank to attract and recruit suitably skilled and qualified staff. Given the business growth and increasing market competition there can be no assurance that the Bank will be able to recruit staff in sufficient numbers or with adequate experience. In addition, the Bank also faces strong competition to retain skilled and qualified staff. Any inability to attract and retain talented professionals may have an adverse impact on the Bank's business and growth prospect.

The Bank is subject to legal risks, which may have an adverse effect on the Bank.

Legal risks arise from variety of sources with a potential to cause harm to the Bank and its ability to operate. These issues require the Bank to deal appropriately with potential conflicts of interest; legal and regulatory requirements; ethical issues; anti-money laundering and anti-terrorist financing laws or regulations; privacy laws; information security policies; sales and trading practices; and conduct by companies with which it is associated, etc. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Bank, which may increase the number of litigation claims and the amount of damages asserted against the Bank, or subject the Bank to regulatory enforcement actions, fines, or penalties or reputational damage.

From time to time, the Bank may be subject to material litigation or governmental, legal or arbitration proceedings and other contingent liabilities which, if they are adversely determined or crystallized, may adversely affect the Bank's financial and business results.

Material changes in, or breach of regulations that govern the Bank and its business activities may adversely affect its business and future financial performance.

Banks in Hong Kong, Macau and the PRC are subject to the supervision of the HKMA, Autoridade Monetária de Macau ("AMCM") and the China Banking and Insurance Regulatory Commission ("CBIRC") respectively. Potential investors should be aware that regulatory requirements in Hong Kong, Macau and the PRC may differ from those that prevail in other countries.

Apart from the above, certain products and services provided by the Bank are regulated by other regulators including the Securities and Futures Commission ("SFC") in Hong Kong. From time to time, the regulators in Hong Kong may introduce recommendations which are intended to provide tighter control and higher level of transparency in Hong Kong banking sector in particular in relation to the selling of investment products to retail customers. Further, any failure of the Bank to comply with such regulatory requirements could result in administrative actions or sanctions, which may have an adverse effect on the Bank's results of operations. The Bank carefully manages legal and compliance risks, including in relation to the sale of financial products and compliance with anti-money laundering and

anti-terrorist financing regulations. Since the Bank operates in the highly regulated banking and securities industries in Hong Kong, potential investors should also be aware that the regulatory authorities have been consistently imposing higher standards and developing new guidelines and regulatory requirements. The aim of the new standards is to encourage banks to demonstrate to the market participants that their risk management systems are robust and that all relevant and material risks have been identified and controlled.

The Bank has taken steps to implement the recommendations raised by relevant regulators and to comply with any new or modified regulations. Increased regulation and the requirement for more stringent investor protections have increased its operational and compliance expenses. Any changes in regulation, governmental policies, income tax laws or rules and accounting principles, as well as international conventions and standards relating to banking operations in Hong Kong, could affect the Bank's operations. There can be no assurance that the relevant regulatory authorities will not implement further regulations and that such change will not materially increase the Bank's operational and compliance cost or adversely affect its business or operations.

Compliance with OECD's Common Reporting Standard will increase the Bank's operational and compliance costs.

The Organisation for Economic Co-operation and Development (the "OECD") has developed a common reporting standard ("CRS") and model competent authority agreement to enable the multilateral, automatic exchange of financial account information. The CRS does not include a potential withholding element. Under the CRS, financial institutions are required to identify and report the tax residence status of customers in all the countries that have endorsed CRS.

CRS was adopted in the PRC and Hong Kong on 1st January, 2017. PRC and Hong Kong financial institutions have begun collecting tax residency information from their account holders from 1st January, 2017 for submission of information on reportable account holders in 2018. The increased due diligence of customer information and the reporting of information to the tax authorities will continue to increase operational and compliance costs for the Bank.

Any failure of the Bank to detect money laundering and other illegal or improper activities fully or in timely manner may expose the Bank to additional liability or harm to reputation.

The Bank is required to comply with applicable anti-money laundering, anti-terrorism and sanctions laws and other regulations in Hong Kong, Macau and the PRC. Financial institutions in Hong Kong, Macau and the PRC are required to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting. Such policies and procedures require the Bank, *inter alia*, to designate an independent anti-money laundering officer, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

Whilst the Bank has already adopted policies and procedures to detect and prevent the use of the Bank's network for money laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent the Bank fails to fully comply with applicable laws, rules and regulations, the relevant government agencies to which the Bank reports have the power and authority to impose fines, freeze assets and impose other penalties on the Bank. The Bank cannot absolutely assure that there will not be future failures in detecting money laundering or other illegal or improper activities which may adversely affect the Bank's business, reputation, operations and financial results.

Discontinuation of, or amendment to, the link of Hong Kong dollar to the US dollar or revaluation of the Hong Kong dollar may adversely affect the Bank's liquidity position as well as its financial conditions and results of operations.

Under the Linked Exchange Rate System established in 1983, HK dollar banknotes are fully backed by US dollars at a rate of HK\$7.80 to US\$1 under the operation of a currency board system (the "Linked Exchange Rate"). Depending on the flow of funds into and out of the HK dollar market, the HKMA also operates convertibility undertakings on both the strong side and weak side of the Linked Exchange Rate within the convertibility zone between HK\$7.75 and HK\$7.85 to US\$1. In the

event of a change in existing policy or revaluation of the Hong Kong dollar, it may adversely affect the Hong Kong economy and, as a result, the Bank's businesses, financial conditions or results of operations. There can be no assurance that the Hong Kong dollar will continue to be linked to the US dollar, and that the Bank's performance and operations would not be adversely affected by such change.

In order to ensure continued liquidity of the Hong Kong dollar, the HKMA has entered into bilateral repurchase agreements with the central banks of Australia, the PRC, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand. In addition, the Hong Kong government is committed to maintain the "Linked Exchange Rate" system. No assurance can be given that, in the event of a liquidity problem affecting the Hong Kong dollar, such bilateral repurchase agreements or automatic interest rate adjustment mechanism will help to maintain adequate liquidity for the Hong Kong dollar. The Bank's business, financial condition and results of operations could be adversely affected by the impact on the Hong Kong economy of the discontinuation of the "Linked Exchange Rate" system, any change in the liquidity of the Hong Kong dollar or any devaluation of the Hong Kong dollar.

The Bank is subject to risk of security breaches and eliminating security problems in association with its information technology system, internet and/or mobile banking services, which may have adverse effect on its operations and reputation.

The Bank uses its internet banking and trading services as a means of providing customers with greater access to its products and services and attracting new customers. Security breaches, disruption to or instability of the Bank's online financial services platform or mobile service platform could impair its ability to serve its customers and execute trades on their behalf and on its own account, which could materially and adversely affect its results of operations and reputation.

To the extent that the Bank's Internet and/or mobile banking activities involve storage and transmission of confidential information, security breaches could expose the Bank to possible liability and damage its reputation. The Bank's network may be vulnerable to unauthorised access, computer viruses and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect the Bank's business, financial condition or results of operations. Concerns regarding security risks may deter the Bank's existing and potential customers from using its Internet and/or mobile banking products and services. Eliminating computer viruses and alleviating other security problems may result in interruptions, delays or termination of user access to the Bank's Internet and/or mobile banking services. Undetected defects in software products that the Bank uses in providing its Internet and/or mobile banking services, and the inability to manage a high volume of traffic, may materially and adversely affect the Bank's Internet and/or mobile banking business. Although the Bank believes it has well defined measures and procedures in place to mitigate security risks, there can be no assurance that it will not suffer material losses from security risks in the future.

Risks relating to the Notes Issued Under the Programme

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) have sufficient knowledge and expertise (either alone or with a financial adviser) to evaluate the effect or the likelihood of the occurrence of a Non-Viability Event for Dated Subordinated Notes which feature loss absorption.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Unanimity is not required to change the Conditions.

The Agency Agreement contains provisions for convening meetings of Noteholders, Receiptholders and Couponholders to consider any matter affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, Receiptholders and Couponholders including Noteholders, Receiptholders and Couponholders who do not attend and vote at the relevant meeting and Noteholders, Receiptholders and Couponholders who vote in a manner contrary to the majority.

The Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series. Such amendments, modifications or variations may not be favourable to certain or all of the Noteholders, Receiptholders and Couponholders.

Investors shall be aware of the effect of change of law.

The Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law, or administrative practice after the date of this Offering Circular.

Notes subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. It may therefore cause a negative financial impact on the Noteholders. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula (each a “**Relevant Factor**”). Potential investors should be aware that all the details shall be specified in the Pricing Supplement and interest will accrue by reference to the index or formula as specified in the Pricing Supplement.

In addition, the Issuer may issue Dual Currency Notes. If the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.

The result of the above adjustments to the interest rate or amount of interest payable may not be favourable to the Noteholders. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Notes linked to or referencing such “benchmarks”.

The financial markets have been generally impacted by recent developments relating to the regulation and reform of “benchmarks” and the continued development of risk-free rates as reference rates.

Interest rates and indices which are deemed to be or used as “benchmarks”, are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Investors should be aware that the market continues to develop in relation to risk-free rates as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. For instance, amongst others, SOFR is recently reformed and is one of the newly established risk-free rates. SOFR is published by the Federal Reserve Bank of New York (the “Federal Reserve”) and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities and is currently a preferred replacement rate to USD LIBOR. Nonetheless, even though the Federal Reserve began publishing historical indicative SOFR going back to 2014, such historical indicative data inherently involves assumptions, estimates and approximations. Further, the euro risk-free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. Therefore, such risk-free rates have a limited performance history and the future performance of such risk-free rates is impossible to predict. As a consequence no future performance of the relevant risk-free rate or Notes referencing such risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates. For example, since publication of SOFR began, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Such ongoing industry transitions may cause the relevant benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The factors may therefore have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the “**benchmark**”. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers, be aware of the market developments which may impact the value of the Notes and accordingly make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

In addition, interest is calculated on the basis of the compounded risk-free rate or an arithmetic average of the risk-free rate e.g. Compounded SOFR, which is calculated using the relevant specific formula set out in the Terms and Conditions, not the risk-free rate published on or in respect of a particular date during such SOFR Observation Period. For this and other reasons, the interest rate on the notes during any SOFR Observation Period will not be the same as the interest rate on other investments linked to the risk-free rate that use an alternative basis to determine the applicable interest rate.

In addition, market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative reference rates based on risk-free rates. For example, on 2 March 2020, the Federal Reserve, as administrator of SOFR, began publishing the SOFR Compounded Index and on 3 August 2020. Accordingly, the specific formula for calculating the rate used in the Notes issued under this Offering Circular may not be widely adopted by other market participants, if at all. The Issuer may in the future also issue Notes referencing risk-free rates that differ material in terms of interest determination when compared with any previous Notes referencing risk-free rate rates issued by it. If the market adopts a different calculation method, that could adversely affect the market value of Notes issued pursuant to this Offering Circular.

Further, interest on Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference risk-free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 10, or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

Each risk-free rate is published and calculated by third parties based on data received from other sources and the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that the relevant risk-free rate (or the SOFR Compounded Index) will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to or which reference a such risk-free rate (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions of the Notes will provide a rate which is economically equivalent for Holders). The Federal Reserve or other central banks do not have an obligation to consider the interests of Noteholders in calculating, adjusting, converting, revising or discontinuing the relevant risk-free rate (or the SOFR Compounded Index). If the manner in which the relevant risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Lastly, the market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Terms and Conditions and used in relation to Notes that reference a risk-free rate issued under this Offering Circular. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

Partly-paid Notes.

The Issuer may issue Partly Paid Notes, other than Partly Paid Notes which are Zero Coupon Notes. Interest will accrue on the paid-up nominal amount of such Notes and otherwise as specified in the Pricing Supplement. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Note may be exchanged for an interest in a permanent Global Note or for Definitive Notes. If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them. The concerned Noteholder may therefore be subject to a negative financial impact, costs or losses.

Notes issued at a substantial discount or premium.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than the prices of conventional interest-bearing securities. Generally, the longer the remaining terms of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. The change in market values of such securities may not be favourable to the Noteholders.

No limitation on issuing senior or pari passu securities in respect of Dated Subordinated Notes.

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Dated Subordinated Notes. The issue of any such securities may reduce the amount recoverable by holders of Dated Subordinated Notes in case of a winding-up of the Issuer. The Dated Subordinated Notes are subordinated obligations of the Issuer. Accordingly, in the winding-up of the Issuer, there may not be sufficient amount to satisfy the amounts owing to the holders of Dated Subordinated Notes.

If the Issuer does not satisfy the Issuer's obligations under the Notes, Noteholders' remedies will be limited.

Payment of principal of the Senior Notes may be accelerated only on an event of default, involving non-payment, breach of Other Obligations, Cross-Default, Winding-up, Insolvency, or otherwise if certain conditions have been satisfied. In any other circumstances, the remedies of Noteholders may be limited.

The establishment of a resolution regime in Hong Kong may override the contractual terms of the Dated Subordinated Notes.

On 7th July, 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "FIRO") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions, which includes the Bank as the issuer of the Notes. The

resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, and subject to certain safeguards, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes or the principal amount of, or interest on, the Notes, and powers to amend or alter the contractual provisions of the Notes, all of which may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Notes (whether senior or subordinated) may become subject to and bound by the FIRO. These may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result.

Following the consultations on the rules the HKMA intends to implement under FIRO relating to contractual stays on termination rights in financial contracts for authorised institutions, the Financial Institutions (Resolution) (Contractual Recognition of Suspension of Termination Rights - Banking Sector) Rules ("**FIRO Stay Rules**") came into operation on 27 August 2021. The FIRO Stay Rules require that entities subject to the rules adopt appropriate provisions in certain financial contracts to the effect that the contractual parties agree to be bound by the temporary stay that may be imposed by the HKMA under the FIRO Stay Rules, which may in turn affect any in-scope financial contracts between a qualifying entity and its counterparty(ies). The implementation of FIRO Stay Rules remains untested. Therefore, the Bank is unable to assess the full impact of FIRO Stay Rules and any potential secondary legislation and/or supporting rules made under FIRO Stay Rules on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries, its operations and/or its financial position.

Further, on 17th January, 2018, the HKMA announced a public consultation on a set of proposed rules to set out minimum loss-absorbing capacity ("**LAC**") requirements for authorised institutions under FIRO. The LAC requirements have been proposed in order to ensure that the resolution regime can be used effectively, and authorised institutions have sufficient loss-absorbing capacity. On 19th October, 2018, the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (the "**LAC Rules**") was published in the gazette of the Hong Kong Special Administrative Region Government, and came into operation on 14th December, 2018. The LAC Rules introduce an additional loss absorbing capacity ratio which the Bank may or may not need to maintain in addition to existing capital and liquidity. If the LAC Rules are considered applicable to the Bank in the future, it may need to issue other loss absorbency capital instruments to meet the relevant requirements in the LAC Rules. There can be no assurance that the Bank will be able to obtain additional capital in a timely manner, on acceptable terms or at all. Therefore, the Bank is unable to assess the full impact of the LAC requirements on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries, its operations and/or its financial position.

The Issuer's obligations under Dated Subordinated Notes are subordinated.

The relevant Pricing Supplement may specify that the Notes will be Dated Subordinated Notes (as defined in Condition 3(b) of the Terms and Conditions of the Notes). The payment obligations of DSB under Dated Subordinated Notes will rank behind Senior Notes. Dated Subordinated Notes constitute direct and unsecured obligations of DSB, conditional and subordinated as described below, ranking *pari passu* without any preference among themselves. Payments on the Dated Subordinated Notes will be subordinated in right of payment upon the winding-up or liquidation of the Issuer to the prior payment in full of all deposits and other liabilities of the Issuer, except those liabilities which rank equally with or junior to the Dated Subordinated Notes (as further described in Condition 3(b)). As a consequence of these subordination provisions, in the event of a winding-up of the Issuer's operations, there is a risk that an investor in the Dated Subordinated Notes will lose all or part of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Dated Subordinated Notes. The Dated Subordinated Notes also do not limit DSB's ability or the ability of any entity in the Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Dated Subordinated Notes.

Only those events described herein regarding the Issuer's winding-up or liquidation will permit a holder of a Dated Subordinated Note to accelerate payment of such Dated Subordinated Notes. In such event, the only action the holder may take against the Issuer is certain actions to cause, or make a

claim in, the Issuer's liquidation or reorganisation. Furthermore, if the Issuer's indebtedness were to be accelerated, its assets may be insufficient to repay in full borrowings under all such debt instruments, including the Notes.

The Dated Subordinated Notes are subject to redemption by the Issuer upon the occurrence of a Regulatory Redemption Event.

Subject to the prior consent of the HKMA, the Dated Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time following the occurrence of a Regulatory Redemption Event (as defined in the Terms and Conditions of the Notes).

The HKMA from time to time may introduce measures or make proposals to strengthen capital and liquidity regulations with the goal of promoting a more resilient banking sector. It may lead to changes in the requirements for bank capital and certain term subordinated debt may not qualify as regulatory capital beyond a certain time frame. In particular, the HKMA may decide that the Dated Subordinated Notes do not qualify as term subordinated debt for inclusion in regulatory capital base of the Issuer. If the Notes do not qualify, this could lead to the Issuer redeeming the Dated Subordinated Notes (subject to the prior consent of the HKMA) prior to the Maturity Date pursuant to the Regulatory Redemption Event redemption right.

The terms of Dated Subordinated Notes may contain non-viability loss absorption provisions.

The Basel Committee has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks which are designed, in part, to ensure that capital instruments issued by such banks fully absorb losses before tax payers are exposed to loss (the "**Basel III Reforms**"), the principal elements of which are set out in its papers dated 16th December, 2010 (as revised in June 2011) and its press release dated 13th January, 2011. The implementation of the Basel III Reforms by the HKMA is currently under way and is subject to a series of transitional arrangements. The full implementation of the reforms will be completed by January 2023.

The Basel III Reforms provide that all Tier 2 instruments which do not contain any contractual terms providing for their writing off or conversion into ordinary shares, at the option of the relevant authority and upon the occurrence of certain non-viability event will cease to be eligible to count in full as Tier 2 capital from 1st January, 2013 unless, amongst other things, the jurisdiction of the relevant bank has in place relevant laws that (i) require such instruments to be written off upon the occurrence of certain non-viability event, or (ii) otherwise require such instruments fully to absorb losses before tax payers are exposed to loss.

To the extent that a series of Dated Subordinated Notes contains provisions relating to loss absorption upon the occurrence of a Non-Viability Event (as defined in the Terms and Conditions of the Notes) of the Bank as determined by the HKMA, the Bank may be required, subject to the terms of the relevant series of Dated Subordinated Notes, irrevocably (without the need for the consent of the holders of such Dated Subordinated Notes) to effect either a full or partial write-off of the outstanding principal and accrued and unpaid interest in respect of such Dated Subordinated Notes, or a conversion of such Dated Subordinated Notes in full or in part into the ordinary shares of the Issuer. In the event of a partial write-off or conversion, the sequence and the amount of write-off or conversion between different subordinated obligations of the Bank that are capable of being written off or converted is at the discretion of the HKMA. The write-off or the conversion will be effected in full in the event that the amount written off or converted is not sufficient for the Non-Viability Event to cease to continue. To the extent relevant, in the event that Dated Subordinated Notes are written off, any written-off amount shall be irrevocably lost and holders of such Dated Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-off. In the event that Dated Subordinated Notes feature a conversion to the ordinary shares of the Bank upon the occurrence of a Non-Viability Event, holders would not be entitled to any reconversion of ordinary shares to Dated Subordinated Notes.

Although the Bank has agreed to notify the clearing systems and the Noteholders following the occurrence of a Non-Viability Event, there will be a delay between a Non-Viability Event and the time that the clearing systems and the holders of Dated Subordinated Notes via the clearing systems are notified of the occurrence of the relevant Non-Viability Event through their clearing systems accounts or otherwise. Such delay may exceed several days during which trading and settlement in the Dated Subordinated Notes may continue. Any such delay will not change or delay the effect of a Non-Viability Event on the obligations of the Bank under the Dated Subordinated Notes or on the rights

of the holders of Dated Subordinated Notes. The notification of a Non-Viability Event is at the discretion of the HKMA and beyond the control of the Bank. The circumstances in which such discretion is exercised are not limited and may include concerns about the Bank's capital, funding and/or liquidity levels.

Holders of Dated Subordinated Notes should note that any amount that is written down upon the occurrence of a Non-Viability Event in accordance with the Conditions is permanent and will not be restored under any circumstances, even if the relevant Non-Viability Event has ceased. In addition, a Non-Viability Event may occur on more than one occasion and each Dated Subordinated Note may be written down on more than one occasion. Upon the occurrence of a Non-Viability Event, holders of Dated Subordinated Notes could risk losing up to the full principal amount of the Dated Subordinated Notes, as well as the cancellation of any accrued (and unpaid) distributions, without receiving any compensation for such loss or cancellation.

The occurrence of a Non-Viability Event may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control.

The occurrence of a Non-Viability Event is dependent on a determination by the HKMA. Such provisions will be further described in the relevant Pricing Supplement to the Dated Subordinated Notes. As a result, the HKMA may require or may cause a write-off in circumstances that are beyond the control of the Bank and with which the Bank does not agree. Because of the inherent uncertainty regarding the determination of whether a Non-Viability Event exists, it will be difficult to predict when, if at all, a write-off will occur. Accordingly, the trading behaviour in respect of Dated Subordinated Notes with the non-viability loss absorption feature is not necessarily similar to trading behaviour associated with other types of securities. Any indication that the Bank may suffer a Non-Viability Event could have a material adverse effect on the market price of the relevant Dated Subordinated Notes.

Potential investors should consider the risk that a holder of Dated Subordinated Notes which have the non-viability loss absorption feature may lose all of their investment in such Dated Subordinated Notes, including the principal amount plus any accrued but unpaid interest, in the event that a relevant Non-Viability Event occurs.

There is no assurance that any contractual provisions with non-viability loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that the relevant authorities may implement in the future. There is a risk that the HKMA may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee.

Regulations on non-viability loss absorption are new, untested and subject to interpretation and application by regulations in Hong Kong.

The regulations on non-viability loss absorption are new and untested, and will be subject to interpretation and application by the HKMA. It is uncertain how the HKMA would determine the occurrence of a Non-Viability Event, and it is possible that the grounds that constitute Non-Viability Events may change (including that additional grounds are introduced). Accordingly, the operation of any such legislation may have an adverse effect on the position of holders of the Dated Subordinated Notes that contain non-viability loss absorption provisions.

A potential investor should not invest in the relevant Dated Subordinated Notes unless it has the knowledge and expertise to evaluate how the relevant Dated Subordinated Notes will perform under changing conditions, the resulting effects on the likelihood of a write-down and the value of the relevant Dated Subordinated Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in the Offering Circular.

Risks Relating to the Market In General

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, and/or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of such Notes.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in a currency or currency unit specified in an issue (“the Specified Currency”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (“the Investor’s Currency”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency-equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest and/ or principal than expected, or no interest or principal.

Interest rate risks.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency from time to time.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks Relating to Hong Kong, China and Asia Pacific In General

Political and legal developments in Hong Kong and China could adversely affect the financial condition and the results of operations of the Bank.

The Bank has assets located in, and revenues substantially derived from, Hong Kong. Accordingly, the Bank's financial condition, results of operations and prospects are subject to a significant degree to the political and legal developments in Hong Kong.

Hong Kong became a Special Administrative Region of China on 1st July, 1997 (the "**Handover**"). Although Hong Kong has thus far enjoyed a high degree of legislative, judicial and economic autonomy since the Handover, there can be no assurance that there will not be a change in regulatory oversight as a consequence of the exercise of China sovereignty over Hong Kong. If any such change occurs, it may adversely affect the financial condition and the results of operations of the Bank. Furthermore, any material political or economic event or a sustained slowdown in domestic economic activities, especially in relation to property, may adversely affect the financial condition and the results of operations of the Bank.

Any occurrence of force majeure events, natural disasters, terrorist attacks or outbreaks of contagious diseases may have a material adverse effect on the Bank's business operations, financial condition and results of operations.

Any occurrence of force majeure events, natural disasters, epidemics, acts of war or terrorism or other factors beyond the Bank's control may adversely affect the economy, infrastructure and livelihood of the people in an area where the Bank operates. These areas may be under the threat of typhoon, tornado, snow storm, earthquake, flood, drought, power shortages or failures, or are susceptible to epidemics, such as COVID-19, Severe Acute Respiratory Syndrome ("**SARS**"), various types of influenza, Ebola virus, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in tremendous casualties and destruction of assets and disrupt the Bank's business and operations. Severe contagious disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities and operations in the affected regions. Acts of war or terrorist activities, riots or disturbances may also cause casualties to the Bank's employees, and disrupt its business network and operations. Any of these factors and other factors beyond the Bank's control could have an adverse effect on the overall business environment of the areas where the Bank operates and therefore its business and results of operations.

DAH SING BANK, LIMITED

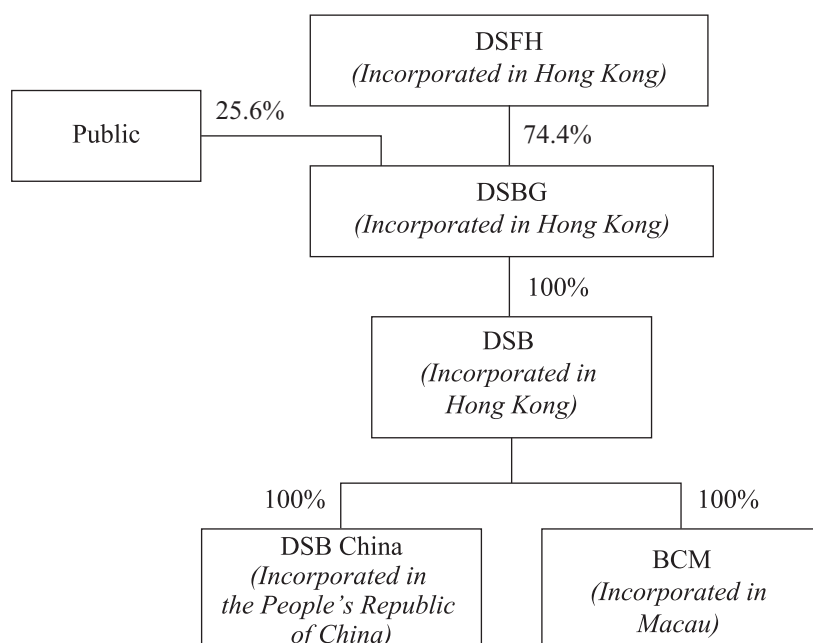
1. INTRODUCTION

Dah Sing Bank, Limited was incorporated as a licensed bank in Hong Kong in 1947. The business of DSB initially focused on trade finance, mortgage lending and deposit taking, and has since diversified to include commercial lending, hire purchase finance, consumer finance, private and priority banking services and treasury activities, primarily in Hong Kong. DSB is subject to the direct supervision of the HKMA.

DSB is a wholly owned Subsidiary of Dah Sing Banking Group Limited (“**DSBG**” and together with its Subsidiaries, the “**DSBG Group**”), which in turn is a majority-owned Subsidiary of Dah Sing Financial Holdings Limited (“**DSFH**” and together with its Subsidiaries, the “**DSFH Group**”). DSBG was incorporated in Hong Kong on 11th March, 2004, as the holding company for the DSFH Group’s banking Subsidiaries, including DSB and its Subsidiaries, BCM and DSB China. DSBG was listed on the Stock Exchange of Hong Kong (the “**Hong Kong Stock Exchange**”) on 30th June, 2004. The shares of DSFH have been listed on the Hong Kong Stock Exchange since 1987. The major and substantial shareholders of DSFH as at the latest practicable date, 22nd June, 2022 were Mr. David S.Y. Wong and associates (holding an aggregate interest of 42.96%) and MUFG Bank, Ltd. (holding 10.00%).

DSB is the major operating Subsidiary of the DSBG Group in Hong Kong, BCM is the major operating Subsidiary in Macau and DSB China is the major operating Subsidiary in the PRC. All of these Subsidiaries are wholly owned.

The following table sets out the simplified corporate structure of the DSFH Group as at 31st December, 2021:



The shareholding in BCM shown above is the effective interest. References herein to the “DSB Group” are to DSB and its Subsidiaries. References herein to any consolidated financial information are to the Bank’s consolidated financial information (unless otherwise specified) and not to the DSFH Group’s or the DSBG Group’s consolidated financial information.

2. HISTORY AND DEVELOPMENT

DSB was founded in 1947. DSB initially focused on trade finance, mortgage lending and deposit-taking, and has expanded the size and range of its businesses since the late 1980s as a result of both organic growth and acquisitions. DSB's commercial banking and hire purchase finance businesses grew significantly in the mid-1980s and the early 1990s, at which time DSB began to diversify into full service retail banking. Since the early 1990s, DSB has also pursued a "bancassurance" strategy, whereby life assurance products are distributed through its branch network. Since 2002, DSB has also developed its wealth management business.

DSB also pursued its development through acquisitions in the past decade. In 1987, DSB acquired The Hongkong Industrial and Commercial Bank Limited ("**HKICB**"). The consolidation of the operations of the two banks brought a significant increase in the total assets, customer base and branch network of DSB back in 1987. In 1994, DSB entered into a joint venture agreement with The People's Construction Bank of China (now known as China Construction Bank ("**CCB**")), whereby it sold a 40% interest in HKICB to CCB and the joint venture was renamed as Jian Sing Bank Limited ("**JSB**"). CCB subsequently increased its shareholding in JSB to 70% in 1998. In February 2002, DSB disposed of its remaining 30% interest in JSB to CCB and JSB became a wholly-owned Subsidiary of CCB in Hong Kong.

In 1993, DSFH acquired The Wing On Bank Limited ("**WOB**"). Pursuant to a subsequent business reorganisation, the majority of WOB's branches, assets and liabilities were transferred to DSB. Under a joint venture agreement between DSFH, Abbey National plc and Hambros Bank Limited, WOB was restructured as a joint-venture private bank based in Hong Kong and in August 1997, was renamed as D.A.H. Private Bank Limited ("**DAHP**"). In August 2000, DSFH agreed to acquire the interests of Abbey National plc and SG Hambros (formerly Hambros Bank Limited) in DAHP. The acquisition was completed in September 2000 with the transfer of DAHP's Hong Kong private banking business to DSB, together with nearly all of its loans and deposits. This acquisition contributed to the expansion of DSB's lines of business and its range of products. DAHP was subsequently renamed as MEVAS Bank Limited ("**MEVAS**") which operated as DSBG Group's second retail banking brand in Hong Kong until 2012 when the small book of banking assets, liabilities and customers of Mevas were transferred to DSB, and a voluntary revocation of the banking licence of Mevas was made after the application for revocation was approved by the HKMA.

In September 2005, DSB completed the acquisition of 100% of Pacific Finance (Hong Kong) Limited ("**Pacific Finance**"), a restricted license bank in Hong Kong, from Jardine, Matheson & Co. and J.P. Morgan International Finance Limited for a consideration of HK\$936 million. Pacific Finance was active in vehicle finance, equipment finance, mortgage lending and consumer lending. After the integration of Pacific Finance into DSB was completed in 2006, the authorisation of Pacific Finance by the HKMA as a restricted license bank was revoked on 31st October, 2006.

In December 2005, DSB completed the acquisition of 100% of BCM and 96% equity interests in BCM's general and life insurance subsidiaries from Banco Comercial Portugues for a total consideration of MOP1,719 million (approximately HK\$1,679 million). Established in 1974, BCM is a licensed bank in Macau active in retail and commercial banking. In May 2006, the Macau life and general insurance businesses previously held under BCM were transferred to DSFH.

In April 2007, DSB completed the acquisition of a 17% equity interest in the Bank of Chongqing ("**BOCQ**"), formerly known as Chongqing Commercial Bank, a licensed bank incorporated in the PRC and headquartered and operating mainly in the city of Chongqing, PRC. In October 2008, following the acquisition of an additional 3% equity interest, DSB's total interest in BOCQ increased to 20%. BOCQ was established in 1996 through a consolidation of a number of local credit unions in the city of Chongqing. It is the oldest city commercial bank in south-western China with a joint-stock structure and is the largest independent bank headquartered in the region. BOCQ achieved its IPO with a listing in Hong Kong in November 2013. The issue of new equities by BOCQ in its IPO led to a dilution of DSB's interest in BOCQ to 16.95% in November 2013. DSB's shareholding interest in BOCQ was further diluted from 16.95% to 14.66% after BOCQ issued additional H-shares by way of a placement in December, 2015 and from 14.66% to 13.20%, after BOCQ completed the initial public offering and listing of its A shares on 5th February, 2021.

In August 2008, after receiving all necessary regulatory approvals, the new wholly-owned Mainland Subsidiary of DSB, DSB China, which was incorporated in Shenzhen, PRC, commenced business. DSB China operates both commercial and retail banking businesses in the PRC with its headquarters and sub-branch in Shenzhen, and branches in Guangzhou (with its sub-branch in Foshan), Nanchang, Shanghai and Zhenjiang.

Recent Developments

The outbreak of COVID-19

The outbreak of COVID-19 since January 2020 has caused severe disruptions to business and economic activities in Hong Kong, Macau, the PRC and globally as well as uncertainty in the Bank's operating environment. In an effort to limit the spread of COVID-19, as well as to protect both its customers and staff members' health and safety, the Bank's branches have revised business hours. While the roll-out of mass vaccinations should play its part in trying to manage down subsequent waves of infection, and to allow a gradual return to more normal levels of economic activity, COVID-19 is still likely to have negative impact on the Bank's financial performance in 2022 as compared with 2021 especially taking into account the 5th wave of infection which took place in Hong Kong in February 2022. The Bank has been closely monitoring the impact of the COVID-19 developments on its businesses and services to customers. The Group will continue to take appropriate actions to mitigate any potential impacts, and will keep its contingency and risk management measures under review as the situation evolves.

For more information, please see "*Risk Factors – Risks Relating to the Business Operations of the Bank – An economic downturn or any adverse change in social and political environment in Hong Kong or any other countries may materially and adversely affect the Bank's financial condition and results of operations*".

3. STRATEGY

The Bank's strategy is to expand its banking and financial services businesses and to deliver value to its shareholders and customers, whilst maintaining its prudent approach to financial discipline and risk.

The Bank intends to grow organically with a particular focus on:

- increasing its customer base;
- selling more products and services to its existing customers;
- identifying new business areas with attractive risk return characteristics;
- diversifying its business so as not to be overly dependent on any single business area; and
- expanding in China.

The Bank intends to seek opportunities to expand through:

- mergers and/or acquisitions in Hong Kong; and
- investments, joint ventures and/or alliances in China.

Selected Financial Information

The information set out in this Offering Circular does not constitute statutory financial statements.

The summary financial information set forth below has been extracted from the statutory financial statements of the Bank for the years ended 31st December, 2019, 2020 and 2021 (which have been delivered to the Registrar of Companies of Hong Kong as required) and should be read in conjunction with the published consolidated financial statements of the Bank which has been incorporated by reference in this Offering Circular.

The auditor's report on the consolidated financial statements of the Bank for each of years ended 31st December, 2019, 2020 and 2021 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

Summary income statement data and related ratios:

	For the year ended 31st December,		
	2019	2020	2021
	HK\$ millions, except percentages		
Operating profit before impairment losses	2,513	2,399	2,345
Profit on ordinary activities.....	2,121	1,665	1,969
Profit attributable to shareholders.....	2,215	1,475	1,638
Net interest margin	1.87%	1.63%	1.72%
Net interest income/operating income	75.5%	70.3%	73.3%
Cost to income ratio	53.3%	54.2%	56.4%
Return on average total assets.....	1.1%	0.8%	0.9%
Return on average shareholders' funds	9.5%	7.2%	8.1%

Summary balance sheet data and related ratios:

	As at 31st December,		
	2019	2020	2021
	HK\$ millions, except percentages		
Total assets.....	244,258	248,146	249,821
Total loans and advances to customers (excluding trade bills)	136,948	137,579	144,314
Total deposits (customers and certificates of deposits).....	190,295	199,368	203,612
Loan capital (subordinated notes).....	5,510	3,828	4,218
Shareholders' funds	27,186	28,359	29,830
Loan to deposit (including senior and subordinated notes) ratio	69.9%	67.7%	69.5%
Loan to deposit (excluding senior and subordinated notes) ratio.....	72.0%	69.0%	70.9%
Overdue and rescheduled loan ratio.....	0.7%	0.9%	0.8%
Liquidity maintenance ratio	46.4%	47.8%	46.9%
Capital adequacy ratio	17.9%	17.6%	18.1%

4. BUSINESS OVERVIEW

DSB's operations comprise three principal lines of business: personal banking, commercial banking and treasury.

The profit contribution from the respective business divisions of the Bank for the years ended 31st December, 2019, 2020 and 2021 was as follows:

Profit before tax

	2019		2020		2021	
	HK\$ millions	%	HK\$ millions	%	HK\$ millions	%
Personal Banking	720	28.0%	617	34.4%	723	37.1%
Commercial Banking & Hire Purchase Finance	856	33.3%	564	31.5%	755	38.8%
Treasury and Corporate	461	18.0%	467	26.1%	488	25.1%
Overseas Banking	531	20.7%	144	8.0%	(19)	(1.0%)
Total	2,568	100.0%	1,792	100.0%	1,947	100.0%

4.1 Business Conditions, Results and Performance

For the year ended 31st December, 2021, the Group reported profit attributable to shareholders of HK\$1,638.4 million, representing an increase of 11.0% over the same period in 2020.

Profit before impairment losses for the year ended 31st December, 2021 decreased by 2.2% to HK\$2,344.8 million compared to the year ended 31st December, 2020. Impairment losses and other credit provisions decreased to HK\$373.3 million for the year ended 31st December, 2021 from HK\$647.0 million for the same period in 2020.

Loan demand remained weak across most business lines. Overall loan growth was 5%, with modest growth in each of the commercial and retail banking businesses. Trade finance business rebounded somewhat after a very difficult year in 2020, and domestic residential mortgage and consumer lending businesses were able to report modest growth despite domestic business conditions remaining challenging.

Net interest income increased to HK\$3,940.4 million for the year ended 31st December, 2021 from HK\$3,685.4 million for the year ended 31st December, 2020, due to the improved net interest margin and to somewhat higher balances of interest earning assets, despite relatively subdued demand conditions in the core loan markets.

Non-interest income decreased by 7.7% to HK\$1,435.9 million for the year ended 31st December, 2021 from HK\$1,556.1 million for the year ended 31st December, 2020.

Operating income increased by 2.6% to HK\$5,376.3 million for the year ended 31st December, 2021 from HK\$5,241.5 million for the year ended 31st December, 2020.

In 2021, customers' deposits increased by 3.0% to HK\$197,022.4 million as at 31st December, 2021 from HK\$191,241.7 million as at 31st December, 2020. The balance of certificates of deposit issued decreased by 18.9% to HK\$6,589.7 million as at 31st December, 2021 from HK\$8,125.8 million as at 31st December, 2020.

4.2 Personal Banking

DSB's personal banking business comprises retail banking, VIP banking and private banking, and vehicle finance. The retail banking business accounts for the majority of the personal banking activities of the Bank and comprises retail residential mortgages, credit cards, personal loans and overdrafts, deposit-taking and wealth management and other services. The aggregate amount of loans which

comprise of residential mortgage loans, government-guaranteed mortgages, credit card receivables, personal loans and overdraft facilities extended in DSB's personal banking business represented approximately 38.7% of the total consolidated loan portfolio of the Bank as at 31st December, 2021.

4.2.1 Retail Banking

The principal retail banking business comprises retail residential mortgages, credit cards, personal loans and overdrafts, deposit-taking and wealth management.

Retail Residential Mortgages

The Bank has been a lender in the Hong Kong retail mortgage market for many years and provides a wide range of mortgages priced on local HIBOR or Prime rate basis. The Bank's target market is primarily the lower- and middle-income market. 24.8% of the Bank's consolidated loan portfolio as at 31st December, 2021 consisted of retail residential and government-guaranteed mortgage loans.

When determining the suitability of a borrower for a mortgage, the Bank considers, *inter alia*, the borrower's ability to service the debt. The Bank's current practice (which is consistent with general market practice in Hong Kong) is to advance as a mortgage up to 60% of the lower of the appraised value of the property or the purchase price. Collateral is taken in the form of a first legal charge over the relevant property. Since the introduction of mortgage insurance offered by the Hong Kong Mortgage Corporation, a public sector entity, the Bank has also offered residential mortgage loans of up to 90% of the value of the property in cases where the mortgage insurance covers the loan amount in excess of 60% of the property value at origination.

Credit Cards

The Bank offers a comprehensive range of credit card products in Hong Kong with a total of around 37 co-brand, affinity or theme card programmes that cater to general as well as specialised markets. The Bank had approximately 453,000 credit cards in issue as at 31st December, 2021 and as at such date its total credit card receivables amounted to HK\$3,671 million. DSB offers Visa and MasterCard cards in Hong Kong. Since 2005, the Bank has also offered Renminbi credit cards.

The Bank employs a strategy of pricing its credit card products at the lower end of the market rates charged by its competitors in Hong Kong. The Bank's lower rates, combined with its wide product range and cash rebate programme, have contributed to the growth of its credit card business.

The Bank has consistently maintained a prudent credit policy and card application approval process. Through its credit scoring system and collection policy, the Bank has sought to manage actively the asset quality of its credit card portfolio. For the year ended 31st December, 2021, the Bank's credit card charge-off rate was 1.00%, compared to the annualised charge-off rate for surveyed institutions as disclosed by the HKMA of 1.75% for the same period.

Personal Loans

The Bank's retail banking division offers a wide range of unsecured personal loans including tax loans, special purpose loans and flexible and revolving instalment loans, which are targeted at a broad retail market and are priced at different interest rates based on product type and customer credit profiles.

Revolving personal overdraft facilities are available to individuals seeking standby credit facilities. The key credit criteria for approving such facilities are evidence of a stable source of income and an acceptable ability to service the debt.

Personal loans generally incorporate credit life insurance so that such unsecured lending is fully insured in the event of the death of the borrower.

Deposit-taking

Approximately 55.0% of the consolidated customer deposits of the Bank as at 31st December, 2021 were generated from its retail banking division. The Bank has a diversified deposit base which provides a stable source of funding and a broad platform across which it is able to cross-sell other products to create stronger, multi-product customer relationships. The Bank offers a range of certificate of deposit products, savings products and structured deposits and Renminbi deposits.

Wealth Management

DSB has actively promoted its wealth management products and services in order to offer a wide array of products and services to its existing client base and to new customers. The Bank distributes a wide range of wealth management products and has a dedicated investment advisory team to source and evaluate products and services from external suppliers as well as those developed internally.

Prior to June, 2017, the Bank distributed life assurance policies under a distribution agreement and an agency agreement entered into with Dah Sing Insurance Services Limited (“**DSIS**”). Following the completion of disposal by DSFH of its life insurance subsidiaries which included Dah Sing Life Assurance Company Limited (“**DSL**A”) and DSIS on 19th June, 2017, DSB entered into the Hong Kong Distribution Agreement (“**HKDA**”) with DSLA and DSIS (which have subsequently been renamed as Tahoe Life Insurance Company Limited (“**Tahoe Life**”) and Tahoe Services Limited respectively) pursuant to which DSB was appointed as DSLA’s non-exclusive insurance agent for distribution of DSLA’s life-insurance products in Hong Kong, and DSLA was appointed as DSB’s exclusive supplier of life-insurance products in Hong Kong to DSB’s retail customers. Starting from 8 February, 2021, Tahoe Life ceased underwriting any new business. On 8 July, 2022, DSB issued to Tahoe Life a notice to terminate the HKDA with immediate effect.

The Bank also provides Hong Kong share dealing services to its customers through its Subsidiary, Dah Sing Securities Limited.

The Bank principally distributes its wealth management and bancassurance products and services through its branch network. The Bank receives fee income from the distribution of third party wealth management products and services and derives income from the sale of its own structured products.

4.2.2 VIP Banking

DSB offers a VIP banking service targeted at middle-income professionals and individuals. VIP banking offers DSB’s VIP banking customers all of the products available to retail banking customers, together with more personalised services, such as dedicated relationship managers, priority counter services in DSB’s branches and enhanced telephone banking services. VIP banking customers are required to have a minimum total relationship balance with DSB of HK\$1,000,000. As at 31st December, 2021, DSB had approximately 53,000 VIP banking customers.

4.2.3 Private Banking

DSB’s private banking business focuses on providing high net worth individuals with a full range of wealth management products and services. Its target customers comprise business proprietors, professionals and individual investors. As at 31st December, 2021, total lending to private banking customers accounted for approximately 4.4% of the Bank’s consolidated loan portfolio. The Bank’s private banking customers are served by a dedicated team of client relationship managers. The target account relationship balance for the Bank’s private banking customers is at least US\$1,000,000.

4.2.4 Vehicle Finance

Vehicle financing for the purchase of taxis, public light buses, trucks, lorries and private cars has been an established core business of the Bank since the mid-1980s. As at 31st December, 2021, total vehicle finance balance accounted for approximately 2.0% of the Bank’s consolidated loan portfolio.

The standard credit underwriting requirements of the vehicle finance include taking possession of registration and title documents of the relevant vehicle as security, assessment of the relevant business, and, where appropriate, cash flow analysis.

4.3 Corporate Banking

DSB's corporate banking services include trade finance, overdraft facilities, commercial lending, syndicated loans, property development and investment lending, deposit-taking from corporates and institutions, mortgage lending, corporate credit cards, hire purchase and equipment leasing. As at 31st December, 2021, the loans extended by the Bank's corporate banking division accounted for approximately 46.1% of the Bank's consolidated loan portfolio. The Bank's customers are principally small and medium sized enterprises in industrial, manufacturing and trading businesses based in Hong Kong, many of which have manufacturing plants in the Pearl River Delta Region. Many of these customers have been banking with DSB for many years.

4.3.1 Corporate Banking

The principal corporate banking business comprises trade finance, overdraft facilities, loan syndication, commercial lending, property development and investment lending, and deposit-taking.

Trade Finance, Overdraft Facilities, Commercial Lending, Corporate Credit Cards and Syndicated Loans

DSB provides trade finance services to its customers, with a principal focus on import and export financing. Services provided include the issuance of documentary credits, import loans, purchase of export bills, packing loans, issuance of shipping guarantees and financing of accounts receivable. Income received with respect to trade finance is a combination of commissions and interest income. As well as being affected by macro-economic factors in Hong Kong and China, the volume of the Bank's trade finance business fluctuates based on seasonal factors. As a result, the majority of transactions tend to be effected in the second and third quarter of the year.

DSB also provides overdraft and term loan facilities to local companies for general working capital and other commercial purposes. The majority of these loans are supported in whole or in part by collateral such as property, although depending on the borrower's status, unsecured facilities may also be extended. Credit facilities are subject to review at least annually depending on credit performance.

The Bank also provides revolving loans and syndicated loan to larger corporate customers. The Bank's participation in syndicated loans is dependent on the creditworthiness of borrowers, pricing and the Bank's relationship with arrangers.

Property Development and Investment Lending

The Bank provides property lending facilities to corporate customers to facilitate their acquisition of commercial or industrial properties. The advance ratio of this type of mortgage is up to 40% of the lower of the appraised value of the relevant property or the purchase price. The loans are typically secured by a first legal charge over the property for which the mortgage is sought. In certain circumstances, the Bank will also provide other working capital facilities on top of the mortgage loan to the corporate customer, which is secured by the same mortgaged property, provided such working capital facilities are used for the genuine business needs of the corporate customer.

Deposit-taking from Corporates and Institutions

Approximately 25.0% of the consolidated customer deposits of the Bank as at 31st December, 2021 was generated from its corporate banking division. The Bank's principal commercial depositors are corporates and SMEs, and their respective directors and staff, institutions and public sector entities. The majority of the Bank's core deposits come from its longer-term relationship customers. The types of deposit products offered include current, savings, call and time deposits and certificates of deposit in Hong Kong dollars and selected major foreign currencies.

General Insurance Distribution

The Bank distributes general insurance products under a distribution agreement and an agency agreement with Dah Sing Insurance Agency Limited (“**DSIA**”). DSIA pays a commission to the Bank in respect of any insurance business that it refers. Customers of the Bank who wish to purchase general insurance products are first referred to Dah Sing Insurance Company (1976) Limited (“**DSIL**”) which has the right of first refusal to provide such products. If no suitable products are provided by DSIL, or if DSIL does not wish to underwrite the risk, the customers will then be referred to the Bank’s insurance broking Subsidiary, which will then refer the customer to third party general insurance providers. DSIL provides a comprehensive range of general insurance products, including fire, household, motor and travel insurance.

4.3.2 Equipment Finance

Equipment financing follows standard credit underwriting requirements of the hire purchase which include taking possession of registration and title documents of the relevant machineries or equipment as security, assessment of the relevant business, and where appropriate, cash flow analysis with loans granted be secured against the respective underlying equipment.

4.4 Treasury

The principal activities of the treasury division comprise (i) managing the Bank’s funding by centralising and re-deploying customer deposits, asset funding, interbank deposit-taking and placing, (ii) foreign exchange dealings with customers and the interbank market, (iii) long-term financing through certificates of deposit and debt issues and (iv) risk management transactions for hedging currency and interest rate risks.

The Bank has regularly raised term borrowing by issuing certificates of deposit to lengthen its funding maturity profile and to increase its deposit base. Two certificate of deposit programmes, one for HK\$10 billion and another for US\$1.5 billion, have been established. As at 31st December, 2021, the balance of certificates of deposit issued of HK\$6.6 billion represented wholesale certificates of deposit.

On 8th December, 2017, the Bank issued Basel III-compliant undated non-cumulative subordinated Additional Tier 1 capital securities (the “**AT1 Capital Securities**”) with a notional principal of US\$115,000,000. The AT1 Capital Securities were fully subscribed by DSFH. The principal of the AT1 Capital Securities will be written off up to the amount as directed by the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA or a relevant government body that a write-off is necessary, without which the Bank would become non-viable. Distribution at 4.625% per annum is payable semi-annually from the issue date to the optional redemption date falling on 8th December, 2022. Thereafter, if the AT1 Capital Securities are not redeemed, the distribution rate will be reset every 5 years and it will bear distribution at the then prevailing 5-year U.S. Treasury Rate plus 248.5 basis points. The Bank has the right to cancel distribution payment, subject to the requirement as set out in the terms and conditions of the AT1 Capital Securities, and the distribution cancelled shall not be cumulative. The Bank may, subject to receiving the prior approval of the HKMA, redeem the AT1 Capital Securities in whole but not in part, at par either on the optional redemption date or any distribution payment date thereafter.

The Bank’s derivative transactions are largely undertaken for hedging purposes. Trading in derivatives is not a key operation of the Bank and is restricted within defined limits set by the Bank’s risk management policies. The Bank’s treasury activities are closely monitored by the Bank’s ALCO and the Treasury & Investment Risk Committee (“**TIRC**”). These committees comprise the Bank’s chief executive, executive directors and senior treasury and finance executives.

The Bank’s treasury division invests its surplus funds in debt securities in both local and overseas markets, with the intention of generating both interest accrual income and capital gains. As at 31st December, 2021, the Bank’s consolidated investments in securities amounted to HK\$65.9 billion, while its trading securities amounted to HK\$4.4 billion. The Bank principally invests in investment grade, liquid debt securities, including securities issued by sovereigns, corporates and financial institutions. The general framework for such investments is set out in the policies of the respective business units which are responsible for the overall management of the investments. The operations of these business units are overseen by the TIRC.

From mid-2004, DSB has maintained its bond portfolio at a relatively short duration, with an increasing proportion of such assets either in floating rate form or hedged to a floating rate basis.

4.5 Information Technology

The Bank's management believes that investing in information technology is important for the Bank to compete effectively. The Bank seeks to maintain an IT platform appropriate for its needs, including product and application software and e-banking capabilities. The Bank entered into an outsourcing agreement with Atos Information Technology HK Limited in March 2012 under which it outsourced the Bank's data centre operations in Hong Kong. As at 31st December, 2021, the Bank had 245 staff in its information technology division, the majority of whom were employed for system development and technical support purposes.

E-banking

The Bank operates an on-line banking platform: "www.dahsing.com". "www.dahsing.com" provides a comprehensive range of e-banking services.

5. COMPETITION

The Hong Kong banking market is very competitive. The market is dominated by a small number of large banking groups. There were a total of 31 locally incorporated licensed banks operating in Hong Kong as at 31st December, 2021. As Hong Kong is a global financial centre, a large number of international banks and financial institutions are also present. The Bank's main competitors are mid-sized, locally incorporated licensed banks. The local banking market is expected to continue to be highly competitive.

6. TRANSACTIONS WITH RELATED PARTIES

DSB accepts deposits from and makes limited advances to Subsidiaries of DSFH on a commercial basis.

The controlling shareholder of the DSFH, the ultimate parent company of the Bank, Mr. David S.Y. Wong and his family, do not have any credit facilities from the Bank (except for credit cards granted on normal terms) and do not have any secured or unsecured loans from the Bank. Strict exposure limits and controls are in place to govern any lending to related parties to ensure that such lending activities fully comply with the HKMA's corporate governance and connected lending guidelines and provisions prescribed by the Banking Ordinance (Cap. 155 of Hong Kong).

7. PROPERTY INTERESTS

Most of the Bank's properties are used in the Bank's operations and those properties that are not used as bank premises are leased to third parties (including DSFH) to generate rental income or are vacant pending sale or lease. As at 31st December, 2021, the Bank had 43 branches in Hong Kong, 19 of which operated in premises owned by the Bank or companies within the DSFH Group or the DSBG Group and 24 of which were leased from third parties.

As at 31st December, 2021, the Bank owned a total of 37 properties, the aggregate value of which was HK\$3,049 million. The carrying value of the Bank's owned properties used, in whole or in part, as the Bank's branches and offices of the Bank or companies within the DSFH Group or the DSBG Group amounted to HK\$2,404 million. The value of the Bank's investment properties leased to third parties or vacant amounted to HK\$645 million, based on an independent professional valuation conducted as at 31st December, 2021.

ASSET QUALITY, FUNDING AND RISK MANAGEMENT

DSB attaches a high priority to managing its credit risk and has in place a highly developed credit discipline and structure which are governed by the Bank's credit policies (see "Credit Policies and Approval Procedures" below).

The following is a summary of the problem loan ratios of the DSB Group and the averages of the Hong Kong retail and local banks:

	As at 31st December,					
	2019		2020		2021	
	DSB Group	Retail & local banks	DSB Group	Retail & local banks	DSB Group	Retail & local banks
Overdue > 3 months	0.54%	0.28%	0.65%	0.46%	0.56%	0.42%
Rescheduled loans	0.20%	0.04%	0.27%	0.03%	0.24%	0.08%
Total	0.74%	0.32%	0.92%	0.49%	0.80%	0.50%
Credit-impaired loans	<u>0.77%</u>		<u>1.14%</u>		<u>0.97%</u>	

Note: Credit-impaired loans are those advances where full repayment of principal and/or interest is considered unlikely and are so classified as soon as such a situation becomes apparent.

Loan Portfolio

As at 31st December, 2021, the DSB Group's total outstanding loans were HK\$144.3 billion, which represented 57.8% of its total consolidated assets.

Loans to corporates and individuals based in Hong Kong represented 68.3% of the Bank's consolidated loans to customers as at 31st December, 2021, compared to 69.3% of the Bank's consolidated loans to customers as at 31st December, 2020.

The composition of the DSB Group's gross loans and advances to customers (exclusive of trade bills) as at 31st December, 2019, 2020 and 2021 were as follows:

	As at 31st December,					
	2019		2020		2021	
	HK\$ millions	%	HK\$ millions	%	HK\$ millions	%
Loans for use in Hong Kong						
Industrial, commercial and financial						
Property development	4,701	3.4%	5,612	4.1%	5,467	3.8%
Property investment	15,972	11.7%	17,222	12.5%	19,253	13.4%
Financial concerns	6,057	4.4%	5,757	4.2%	4,661	3.2%
Stockbrokers	1,586	1.2%	1,734	1.3%	1,643	1.1%
Wholesale and retail trade	6,456	4.7%	6,005	4.4%	5,402	3.8%
Manufacturing	1,978	1.4%	1,791	1.3%	1,987	1.4%
Transport and transport equipment	3,497	2.6%	2,513	1.8%	2,269	1.6%
Recreational activities	104	0.1%	96	0.1%	60	0.0%
Information technology	53	0.0%	52	0.0%	59	0.0%
Others	4,465	3.3%	6,003	4.4%	6,971	4.8%
Trade finance	8,816	6.4%	8,115	5.9%	8,123	5.6%
Sub-total	53,685	39.2%	54,900	40.0%	55,895	38.7%
Individuals						
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	584	0.4%	558	0.4%	529	0.4%
Loans for the purchase of other residential properties	29,864	21.8%	31,261	22.7%	33,473	23.2%
Credit card advances	3,761	2.8%	3,610	2.6%	3,670	2.5%
Others	13,197	9.6%	13,080	9.5%	13,106	9.1%
Sub-total	47,406	34.6%	48,509	35.2%	50,778	35.2%
Loans for use outside Hong Kong	35,858	26.2%	34,170	24.8%	37,641	26.1%
Gross advances	136,949	100.0%	137,579	100.0%	144,314	100.0%
Impairment allowances	(1,009)		(1,251)		(1,371)	
Net loan balance	135,940		136,328		142,943	

As at 31st December, 2021, the Bank's ten largest non-government and non-bank borrowers amounted in aggregate to HK\$21,035 million, which represented 14.6% of the DSB Group's total loans outstanding. The largest exposure to a single borrower group was HK\$3,429 million.

As at 31st December, 2021, the Bank did not have any inter-group loans or loans to shareholders in aggregate that amounted to more than 1% of its total outstanding loan to customers.

With respect to the maturity profile of the DSB Group's portfolio of loans to customers as at 31st December, 2021, 38.1% (HK\$54,989 million) of the total loans had a remaining maturity of less than one year, 31.4% (HK\$45,365 million) had a remaining maturity of one year or more but less than five years, and 29.8% (HK\$43,051 million) had a remaining maturity of over five years, and 0.6% (HK\$909 million) was undated.

Loans to corporates and institutions were principally made at variable rates of interest based on the Bank's prime rate or interbank offered rates. Residential mortgage loans and overdraft facilities to individuals are nearly all based on the Bank's prime rate plus or minus a margin depending on the relevant credit circumstances of the borrower, whilst interest rates on personal loans offered by the Bank can be set at both fixed rate or floating rates depending on the type of product and repayment requirements.

Credit Policies and Approval Procedures

The DSB Group has a Group Credit Committee for approving major credit exposures. The Credit Management Committee and the TIRC are the functional committees responsible for credit policy formulation and portfolio monitoring of the loan and treasury businesses respectively. The DSB Group manages all types of credit risk on a prudent basis. Credits are extended within the parameters set out in the credit policies and are approved by different levels of management based upon established guidelines and delegated authorities. Credit exposures, limits and asset quality are regularly monitored and controlled by management, credit committees and Group Risk Division. The DSB Group's internal auditors also conduct regular reviews and audits to ensure compliance with credit policies and procedures, and regulatory guidelines.

Loan Classification

The Bank classifies its loans into the following categories for loan classification and bad and doubtful debt provisioning, according to perceived levels of risk and in order to maintain loss reserves which are in aggregate adequate to absorb probable losses arising from its loan portfolio:

<u>Grade</u>	<u>Loan</u>	<u>Description</u>
1-9	"Pass"	Repayment of principal and interest is current and not in doubt.
10	"Special mention"	Borrowers have experienced some difficulties, although loss is not expected at this stage. Normally reflected by persistent deterioration in financial status.
11	"Substandard"	Past due record over three months and principal plus interest of the loan is not fully secured by tangible collateral. Some unsecured consumer lending is classified as substandard well within three months past due. Rescheduled loans are typically classified as substandard.
12	"Doubtful"	Full recovery is doubtful, given the value of security available.
13	"Loss"	Considered non-collectible after realisation of security and exhausting all collection efforts.

Grade 1 to 9 loans are applicable only to commercial credits as retail and consumer credits have only one grade of performing loans. Grade 1 to 9 loans are considered to be performing loans, while grade 10 to 13 loans are criticised, including grade 11, 12 and 13 loans which are generally treated as non-performing. Interest normally ceases to accrue for grade 11, 12 and 13 loans.

Loan Impairment Policies

Under HKFRS 9, the Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its exposures arising from advances to customers, loan commitments and financial guarantee contracts, and debt investments. HKFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1". If a significant increase in credit risk since initial recognition is identified, the financial instrument is transferred to "Stage 2" but is not yet deemed to be credit-impaired. If objective evidence of impairment has occurred, the financial instrument becomes credit-impaired and is transferred to "Stage 3". Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Financial instruments in Stages 2 or 3 have their ECL measured based on ECL on a lifetime basis.

The table below set out summaries of the Bank's consolidated impaired, overdue and rescheduled loans as at 31st December, 2019, 2020 and 2021:

(a) Impaired Loans

	As at 31st December,					
	2019		2020		2021	
	HK\$ million	% of total advances	HK\$ million	% of total advances	HK\$ million	% of total advances
Gross impaired loans	1,049	0.77%	1,574	1.14%	1,399	0.97%
Impairment allowances	(381)		(557)		(548)	
Net impaired loans	668		1,017		851	
Fair value of collateral held	590		787		758	

Impaired loans comprise individually and collectively impaired loans. Individually impaired loans are defined as those loans having objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated cash flows of the loans that can be reliably estimated. Collectively impaired loans refer to those unsecured loans and advances assessed for impairment on a collective basis and which have become overdue for more than 90 days as at the reporting date.

(b) Overdue Loans

	As at 31st December,					
	2019		2020		2021	
	HK\$ million	% of total advances	HK\$ million	% of total advances	HK\$ million	% of total advances
Gross advances overdue for						
Six months or less but over three months	180	0.13%	240	0.17%	103	0.07%
One year or less but over six months	251	0.18%	137	0.10%	127	0.09%
Over one year	319	0.23%	526	0.38%	584	0.40%
Total gross advances overdue	750	0.54%	903	0.65%	814	0.56%
Market value of security held against the secured advances	886		930		889	
Secured overdue advances	578		593		457	
Unsecured overdue advances	171		310		357	

(c) Rescheduled Loans (net of those which have been overdue for over three months and reported in item (b) above):

	As at 31st December,					
	2019		2020		2021	
	HK\$ million	% of total advances	HK\$ million	% of total advances	HK\$ million	% of total advances
Rescheduled loans	271	0.20%	375	0.27%	351	0.24%

The table below summarises the changes in DSB's Group's ECL allowances for loans and advances to customers by stage under HKFRS 9 for the years ended 31st December, 2019, 2020 and 2021.

	As at 31st December,					
	2019		2020		2021	
	HK\$ million	% of total advances	HK\$ million	% of total advances	HK\$ million	% of total advances
ECL allowance						
Beginning balance	914	0.67%	1,009	0.73%	1,251	0.87%
Effect of stage transfer and change in allowances	373	0.27%	448	0.33%	305	0.21%
New financial assets originated, purchased or derecognised during the period	107	0.08%	33	0.02%	91	0.06%
Changes in PDs/ LGDs/ EADs/ forward looking assumptions	(28)	(0.02%)	219	0.16%	110	0.08%
Unwinding of discount	2	–	1	–	3	–
Write-offs	(358)	(0.26%)	(460)	(0.33%)	(365)	(0.25%)
Changes to methodologies	–	–	–	–	(26)	(0.02%)
Foreign exchange and other movements	(1)	–	1	–	2	–
Closing balance	1,009	0.74%	1,251	0.91%	1,371	0.95%
Total gross advances to customers at year end	136,948		137,579		144,314	
Total gross credit-impaired loans at the year end	1,049		1,574		1,399	

Abbreviations used:

PD	Probability of default
LGD	Loss given default
EAD	Exposures at default

Investments in securities

The Bank's investments in securities includes listed and unlisted equity and debt securities. As at 31st December, 2021, the book value of those securities held by DSB Group was HK\$70.3 billion, of which almost all were debt securities.

As at 31st December, 2021, 42.0% of DSB Group's aggregate investments in debt securities was invested in debt securities issued or guaranteed by central governments, central banks, public sector entities and banks.

The carrying values of the Bank's consolidated investment securities portfolio, as of the dates indicated, are as follows:

	As at 31st December, 2019			
	At fair value		At amortised cost	
	Trading securities and financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Debt securities				
— Listed in Hong Kong	21	16,471	4,532	21,024
— Listed outside Hong Kong	—	16,609	6,534	23,143
— Unlisted	8,696	8,970	4,590	22,256
Equity securities				
— Listed in Hong Kong	—	30	—	30
— Listed outside Hong Kong	—	—	—	—
— Unlisted	—	83	—	83
Total	8,717	42,163	15,656	66,536
Analysed by categories of issuers:				
Central government and central banks	8,388	10,215	2,528	21,131
Public sector entities	—	143	75	218
Bank and other financial institutions	—	6,225	5,955	12,180
Corporate entities	329	25,580	7,096	33,005
Others	—	—	2	2
Total	8,717	42,163	15,656	66,536
	As at 31 December, 2020			
	At fair value		At amortised cost	
	Trading securities and financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Debt securities				
— Listed in Hong Kong	30	14,073	8,751	22,854
— Listed outside Hong Kong	—	16,750	9,297	26,047
— Unlisted	5,050	10,892	4,810	20,752
Equity securities				
— Listed in Hong Kong	—	18	—	18
— Listed outside Hong Kong	—	—	—	—
— Unlisted	—	83	—	83
Total	5,080	41,816	22,858	69,754
Analysed by categories of issuers:				
Central government and central banks	5,080	9,701	1,557	16,338
Public sector entities	—	135	294	429
Bank and other financial institutions	—	7,582	7,682	15,264
Corporate entities	—	24,398	13,323	37,721
Others	—	—	2	2
Total	5,080	41,816	22,858	69,754

As at 31 December 2021

	At fair value		At amortised cost	Total
	Trading securities and financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Debt securities				
Listed in Hong Kong	12	16,676	9,748	26,436
— Listed outside Hong Kong	—	16,208	9,870	26,078
— Unlisted	4,413	8,460	4,943	17,816
Investments funds				
— Listed in Hong Kong	14	—	—	14
Equity securities				
— Listed in Hong Kong	—	1	—	1
— Listed outside Hong Kong	—	—	—	—
— Unlisted	—	89	—	89
Total	4,439	41,434	24,561	70,434
Analysed by categories of issuers:				
Central government and central banks	4,425	7,987	1,165	13,577
Public sector entities	—	789	530	1,319
Bank and other financial institutions	—	6,793	7,880	14,673
Corporate entities	14	25,865	14,984	40,863
Others	—	—	2	2
Total	4,439	41,434	24,561	70,434

Investment in debt securities is a key activity of the Bank's treasury division. The principal investment objectives include: (1) maintaining an acceptable liquidity maintenance ratio throughout the year through the holding of a pool of investment grade and marketable debt securities; (2) generating a positive spread over the cost of funds within credit and interest rate risk tolerance limits; (3) diversifying risk exposures; and (4) supporting treasury trading operations especially in the local Exchange Fund debt market.

Funding

The Bank seeks to maintain stable and low-cost funding primarily from deposits sourced through its branch network. The Bank's sources of funding comprise deposits from customers, certificates of deposit issued, senior and subordinated bonds issued and shareholders' funds. Deposits include demand deposits and savings and time deposits, primarily in Hong Kong dollars, but also in other major currencies. The issuance of certificates of deposit helps lengthen funding maturities and reduces possible maturity mismatches. The subordinated debts issued help to broaden the Bank's funding base and extend liability maturity, in addition to improving the Bank's capital adequacy. Short-term interbank deposits are taken on a limited basis and the Bank is a net lender to the interbank market.

The table below sets forth a summary of the Bank's consolidated deposits and other borrowed funds by type as at the dates indicated:

	As at 31st December,					
	2019		2020		2021	
	HK\$ millions	%	HK\$ millions	%	HK\$ millions	%
Deposits:						
Deposits from customers	183,544	92.6%	191,242	92.5%	197,022	94.1%
Certificates of deposit issued	6,751	3.4%	8,126	3.9%	6,590	3.1%
Total deposits	190,295	96.0%	199,368	96.4%	203,612	97.2%
Borrowings:						
Deposits from banks	2,465	1.2%	3,500	1.7%	1,703	0.8%
Loan capital (subordinated notes)	5,510	2.8%	3,828	1.9%	4,128	2.0%
Total borrowings	7,975	4.0%	7,328	3.6%	5,831	2.8%
Total deposits and borrowings	198,270	100.0%	206,696	100.0%	209,443	100.0%

Deposits

The Bank attracts deposits from corporates and individuals principally through its branch network. As at 31st December, 2021 the Bank had deposits, including certificates of deposit, of HK\$203,612 million, representing 97.2% of the Bank's consolidated funding.

The Bank determines the rate of the interest which it pays on HK\$ deposits and certificates of deposit according to prevailing market conditions. The Bank quotes savings deposit rates similar to those offered by the leading banks in Hong Kong. Changes in the savings rates usually follow changes in the US Federal Funds rate and the local discount rate of the HKMA. Foreign currency deposits are based principally on LIBOR or the applicable interbank interest rates of the relevant currency.

The Bank offers both wholesale and retail certificates of deposit, which are usually priced at a spread over short-term interbank offered rates. Certificates of deposit also provide the Bank with funds with a longer maturity profile than other customer deposits.

Borrowings

As at 31st December, 2021, DSB had two outstanding issues of subordinated notes: US\$225 million subordinated fixed rate term note due January 2029 listed on the Hong Kong Stock Exchange with an optional redemption date on 15th January 2024 and US\$300 million subordinated fixed rate term note due November 2031 listed on the Hong Kong Stock Exchange with an optional redemption date on 2nd November 2026. The term notes qualify as lower Tier 2 capital and the perpetual note qualifies as upper Tier 2 capital of the Bank.

As at 31st December, 2021, approximately 60.6% of deposits and other borrowed funds of the DSB Group was denominated in HK dollars, with the remainder denominated principally in US dollars.

Additional equity instruments

On 8th December, 2017, the Bank issued the AT1 Capital Securities with a notional principal of US\$115,000,000 and an optional redemption date falling on 8th December, 2022. The AT1 Capital Securities were fully subscribed by DSFH.

Maturity Profile of Assets and Liabilities

Set out below is the contractual maturity breakdowns of major assets and liabilities of the DSB Group as at 31st December, 2019, 2020 and 2021.

At 31st December, 2019

	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated	Total
Assets							
Placements with banks	–	4,489	1,006	–	–	–	5,495
Advances to customers	8,212	31,048	15,982	39,546	41,457	703	136,948
Debt securities included in:							
— Financial assets at fair value through profit or loss	–	329	–	–	–	–	329
— Trading securities	–	4,722	3,666	–	–	–	8,388
— Financial assets at fair value through other comprehensive income	–	7,640	4,755	19,771	9,884	–	42,050
— Financial assets at amortised cost	–	2,508	2,558	6,297	4,276	5	15,644
	<u>8,212</u>	<u>50,736</u>	<u>27,967</u>	<u>65,614</u>	<u>55,617</u>	<u>708</u>	<u>208,854</u>
Liabilities							
Deposits from banks	137	1,501	–	827	–	–	2,465
Trading liabilities	–	4,611	896	10	–	–	5,517
Deposits from customers	82,411	86,162	11,393	3,571	7	–	183,544
Certificates of deposit issued	–	2,223	4,060	468	–	–	6,751
Subordinated notes	–	1,756	–	3,754	–	–	5,510
	<u>82,548</u>	<u>96,253</u>	<u>16,349</u>	<u>8,630</u>	<u>7</u>	<u>–</u>	<u>203,787</u>

At 31 December, 2020

	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated	Total
Assets							
Placements with banks	–	1,907	3,449	–	–	–	5,356
Advances to customers	7,542	28,717	19,136	39,507	41,808	869	137,579
Debt securities included in:							
— Financial assets at fair value through profit or loss	–	–	–	–	–	–	–
— Trading securities	–	2,743	2,307	30	–	–	5,080
— Financial assets at fair value through other comprehensive income	–	7,657	7,447	18,198	8,413	–	41,715
— Financial assets at amortised cost	–	1,736	2,308	11,090	7,695	5	22,834
	<u>7,542</u>	<u>42,760</u>	<u>34,647</u>	<u>68,825</u>	<u>57,916</u>	<u>874</u>	<u>212,564</u>
Liabilities							
Deposits from banks	137	3,363	–	–	–	–	3,500
Trading liabilities	–	1,130	440	1	–	–	1,571
Deposits from customers	102,378	79,303	6,927	2,634	–	–	191,242
Certificates of deposit issued	–	1,473	6,551	102	–	–	8,126
Subordinated notes	–	–	1,964	1,864	–	–	3,828
	<u>102,515</u>	<u>85,269</u>	<u>15,882</u>	<u>4,601</u>	<u>–</u>	<u>–</u>	<u>208,267</u>

At 31st December, 2021

	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated	Total
Assets							
Placements with banks	–	1,768	2,764	–	–	–	4,532
Advances to customers	7,651	28,943	18,395	45,365	43,051	909	144,314
Debt securities included in:							
— Financial assets at fair value through profit or loss	–	–	–	–	–	14	14
— Trading securities	–	2,248	2,165	12	–	–	4,425
— Financial assets at fair value through other comprehensive income	–	7,027	7,746	18,374	8,197	–	41,344
— Financial assets at amortised cost	–	3,289	2,577	12,041	6,619	5	24,531
	<u>7,651</u>	<u>43,275</u>	<u>33,647</u>	<u>75,792</u>	<u>57,867</u>	<u>928</u>	<u>219,160</u>
Liabilities							
Deposits from banks	57	1,646	–	–	–	–	1,703
Trading liabilities	–	1,512	–	–	–	–	1,512
Deposits from customers	91,598	93,828	10,285	1,311	–	–	197,022
Certificates of deposit issued	–	1,737	4,468	385	–	–	6,590
Subordinated notes	–	–	–	4,128	–	–	4,128
	<u>91,655</u>	<u>98,723</u>	<u>14,753</u>	<u>5,824</u>	<u>–</u>	<u>–</u>	<u>210,955</u>

Currency exposures are managed prudently, see “Risk Management” below.

Capital Adequacy and Liquidity Maintenance Ratios

The following table sets out a summary of the Bank’s consolidated capital adequacy and liquidity maintenance ratios as at 31st December, 2019, 2020 and 2021:

	As at 31st December,		
	2019	2020	2021
Capital adequacy ratio			
• Common Equity Tier 1	13.4%	13.8%	14.2%
• Tier 1 capital	13.9%	14.3%	14.7%
• Total	17.9%	17.6%	18.1%
Liquidity maintenance ratio (average for the year).	46.4%	47.8%	46.9%

The capital adequacy ratio as at 31st December, 2019, 2020 and 2021 shown above is calculated on a Basel III basis in accordance with the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk.

The liquidity maintenance ratio is calculated as the simple average of each calendar month’s average consolidated liquidity maintenance ratio of the Bank. The liquidity maintenance ratios are computed in accordance with the Banking (Liquidity) Rules.

The capital base of the Bank after deductions used in the calculation of the above capital adequacy ratios as at 31st December, 2019, 2020 and 2021 and reported to the HKMA was as follows:

	As at 31st December,		
	2019	2020	2021
	HK\$ millions	HK\$ millions	HK\$ millions
Tier 1 capital			
Paid up ordinary share capital	6,200	6,200	6,200
Reserves	16,082	17,503	18,993
Less: goodwill	(812)	(714)	(714)
Less: other intangible assets, net deferred tax assets and other regulatory deductions	(178)	(191)	(173)
Additional Tier 1 capital	899	899	899
Total Tier 1 capital	<u>22,191</u>	<u>23,697</u>	<u>25,205</u>
Tier 2 capital			
Reserve on revaluation of land and interests in land	373	347	349
Collective impairment allowances for impaired assets and regulatory reserve	1,855	1,406	1,434
Term subordinated debts	4,035	3,668	4,071
Total eligible Tier 2 capital	<u>6,263</u>	<u>5,421</u>	<u>5,854</u>
Total capital base after deductions	<u><u>28,454</u></u>	<u><u>29,118</u></u>	<u><u>31,059</u></u>

Risk Management

The Bank recognises the changing nature of risk and manages it through a well-developed risk management structure. Risk management is focused on credit risk, market risk, interest rate risk, liquidity risk, operational risk, reputation risk and strategic risk:

- credit risk occurs mainly in the Bank's credit portfolios comprising commercial, wholesale and retail lending, equipment and hire purchase financing, and treasury and financial institutions wholesale lending;
- market risk arises mainly in Treasury and is associated principally with the Bank's on-balance sheet positions in the trading book, and off-balance sheet positions taken to hedge elements of the trading book;
- interest rate risk means the risk to the Bank's financial condition resulting from adverse movements in interest rates;
- liquidity risk arises across the Bank's balance sheet;
- operational risk is the risk of loss (direct or indirect) resulting from inadequate or failed internal processes, people and systems or from external events;
- reputation risk is the risk arising from the potential that negative publicity regarding the Bank's business practices, operational errors or operating performance, whether true or not, could cause customer concerns or negative view, decline in the customer base or market share, or lead to costly litigation or revenue reductions; and
- strategic risk generally refers to the corporate risk that may bring significant immediate or future negative impact on the financial and market position of the Bank because of poor strategic decisions, unacceptable financial performance, inappropriate implementation of strategies and lack of effective response to the market changes.

Risk management is a critical part of the Bank's organisational structure. The risk management framework is approved by the Board of Directors. The Board approves the overall institutional tolerance for risk, including risk policies and the risk philosophy of the Bank. The Bank's risk management infrastructure, as approved by the Board, allows oversight by the Board of the major risk areas of credit risk, market and liquidity risk, and operational risk. An internal audit function is responsible for the ongoing monitoring of the Bank's internal management processes and for providing an independent assessment of the Bank's systems to ensure that integrity is maintained. The Bank's policy is to maintain what it considers is a conservative balance sheet and strong capital base.

The Bank's risk management practices and capabilities meet the requirements of Basel III.

The Risk Management Structure of the Bank

The Board of Directors has the broad overall responsibility for the management of all types of risk. The responsibilities of the Board in relation to risk control are:

- the approval of the overall strategy and policies to ensure that credit and other risks are properly managed at both the transaction and portfolio levels;
- the management of risk, both financial and non-financial, conducted through operational and administrative control systems including the operation of the Audit Committee, review of key results (against forecasts), operational statistics and policy compliance; and
- financial performance by analysis against approved budgets and analysis of variations in key non-financial measures.

The Executive Committee has been delegated the authority to oversee and guide the management of different risks which are more particularly managed and dealt with by Group Risk Division and different functional committees.

The Head of Group Risk reports to the Bank's Executive Committee and the Chief Executive, which have overall responsibility for the management of all types of risk. It also has a functional reporting line to the Board-level Risk Management and Compliance Committee ("RMCC"). The Bank has established policies and procedures for the identification, measurement, monitoring and control of credit, liquidity, interest rate, foreign exchange and market risks. The policies and procedures are regularly reviewed and updated by senior management and the respective business credit committees.

Group Risk

The independent Group Risk function is responsible for ensuring that policies and mandates are established for the Bank as a whole. Group Risk Division monitors and reports the Group risk positions to the Board via the RMCC and the Executive Committee, sets standards for the management of financial risks and data integrity and ensures that the financial risks are fully considered in the product planning and pricing process. Group Risk Division reviews and manages all credit and risk exposure policies for the Bank including the approval of exposures to new markets, economic sectors, organisations, credit products and financial instruments which expose the Bank to different types of risks. In determining risk policies, Group Risk Division takes into account the guidelines established by the HKMA, business direction, and risk adjusted performance of each business.

The Bank's risk management expertise continues to advance the overall quality of the Bank's lending portfolios, and enables the Bank to meet the changing regulatory requirements and enter into credit exposures with the confidence that it understands the associated risks and rewards.

The Group continues to evolve its risk management capabilities under the aegis of the Head of Group Risk Division, with increasing focus of its risk strategy on risk and reward and returns on capital. The Bank uses a range of risk measurement and analytical tools in its management of various risks which it faces in its day-to-day businesses and these are continually being enhanced and upgraded to reflect the ever-changing business needs and the requirements of the regulators.

Credit Committees

The Credit Management Committee and TIRC are the functional committees responsible for approving and recommending policies, limits and mandates for risk control in loans and treasury business respectively. The credit risk function, while set up to support the business areas, reports solely to the Group Risk Division.

Credit Risk Management

The Bank's main credit risk is that borrowers or counterparties may default on their payment obligations due to the Bank. These obligations arise from the Bank's lending and investment activities, and trading of financial instruments (including derivatives).

The Bank has a Group Credit Committee for approving major credit exposures. The Credit Management Committee and TIRC are the functional committees responsible for credit policy formulation and portfolio monitoring of the loan and treasury businesses respectively. These committees are all chaired by the Chief Executive of DSBG with certain Executive Directors and senior business and credit officers as members. Credit risk measurement, underwriting, approval and monitoring requirements are detailed in credit policies.

The Bank manages all types of credit risk on a prudent basis. Credits are extended within the parameters set out in the credit policies and are approved by different levels of management based upon established guidelines and delegated authorities. Credit exposures, limits and asset quality are regularly monitored and controlled by management, credit committees and Group Risk Division. The Bank's internal auditors also conduct regular reviews and audits to ensure compliance with credit policies and procedures and regulatory guidelines.

In order to mitigate credit risk and where appropriate, the Bank will obtain collateral to support the credit facility. The acceptable types of collateral and their characteristics are established within the credit policies, as are the respective margins of finance.

Irrespective of whether collateral is taken, all credit decisions are based upon the customer's or counterparty's credit profile, cashflow position and ability to repay.

Liquidity Risk Management

The Bank manages its liquidity on a prudent basis to ensure that a sufficiently high liquidity maintenance ratio relative to the statutory minimum is maintained throughout the year. The Bank's average liquidity maintenance ratio for the year ended 31st December, 2019, 2020 and 2021 were well above the 25% minimum ratio set by the Banking Ordinance.

The Asset and Liability Management Committee ("ALCO") regularly reviews the Bank's current loan and deposit mix and changes, funding requirements and projections, and monitors a set of liquidity risk metrics, including the liquidity maintenance ratio and maturity mismatch on an ongoing basis. Appropriate limits or trigger on these risk metrics are set and sufficient liquid assets are held to ensure that the Bank can meet all short-term funding requirements.

The Bank’s funding comprises mainly deposits of customers, certificates of deposit and medium term notes issued. The issuance of certificates of deposit and medium term notes helps lengthen the funding maturity and reduce the maturity mismatch. Short-term interbank deposits are taken on a limited basis and the Bank is a net lender to the interbank market.

Liquidity risk is managed by the Bank’s high proportion of liquid assets, including highly liquid marketable debt securities, interbank assets (which are diversified by type, maturity and source), money market assets and short-term customer loans. For longer-term assets, the Bank has significant sources of longer-term funds, including debt securities, certificates of deposit and notes, money market borrowings and longer-term customer deposits. The Bank conducts regular stress tests on its liquidity position.

Market Risk Management

Market risk is the risk of losses in assets, liabilities and off-balance sheet positions arising from movements in market rates and prices.

Market risk exposure for different types of transactions is managed within risk limits and guidelines approved by the Board, the RMCC and the TIRC under the authority delegated from the Board. Risk limits are set by products and by different risk types. The risk limits comprise a combination of notional, stop-loss, sensitivity and value-at-risk (“**VaR**”) controls. All trading positions are subject to daily mark-to-market valuation. The Risk Management and Control Department (“**RMCD**”) within Group Risk Division, as an independent risk management and control unit, identifies, measures, monitors and controls the risk exposures against approved limits and initiates specific actions to ensure positions are managed within an acceptable level. Any exceptions have to be reviewed and sanctioned by the appropriate level of management of TIRC, RMCC or the Board as stipulated in the relevant policies and procedures.

The Bank’s Internal Audit function performs regular independent review and testing to ensure compliance with the market risk policies and procedures by Treasury, RMCD and other relevant units.

The Bank applies a VaR methodology, which is a statistically based estimate, to measure the potential loss of its trading portfolio from adverse market movements. It expresses as the maximum amount that the DSB Group might lose given a certain level of confidence, which for the DSB Group is 99% for a one day holding period. There is therefore a specified statistical probability that actual loss could be greater than the VaR estimate. Hence the use of VaR does not prevent losses outside the VaR limits in the event of extreme market movements.

The VaR model assumes a certain “holding period” (one day) until positions can be closed. It is calculated based on the current mark-to-market value of the positions, the historical correlation and volatilities of the market risk factors over an observation period of 250 days (or one year) using a method known as parametric VaR methodology.

The VaR summary of the trading portfolio of the DSB Group is as follows:

DSB Group	12 months to 31st December, 2021		
	Average	High	Low
Foreign exchange risk	966	3,362	273
Interest rate risk	834	4,124	211
All risks	1,379	4,317	413

Interest Rate Risk Management

The Bank’s interest rate risk mainly arises from the funding of fixed-rate loans and investments in fixed income securities by floating-rate deposits. When interest rates rise or fall, the interest spread and net interest income will be affected as interest income generated by the existing fixed-rate loans and securities will not change. In addition to changes in earnings, the variations in market interest rates will also affect the economic values of the Bank’s assets, liabilities and off-balance sheet positions, which can, in turn affect the net worth of the Bank. The Bank’s interest rate risk is mitigated in part by the use of interest rate hedging instruments. Interest rate risk is managed and monitored using a combination of repricing gap and sensitivity limits by Group Risk on a regular basis.

Foreign Exchange Risk Management

The Bank has limited net foreign exchange exposure (except for USD, Macau Pataca (“MOP”) and Renminbi (“RMB”)) as foreign exchange positions and foreign currency balances arising from customer transactions are normally matched against other customer transactions or transactions with the market. Foreign exchange exposure in respect of MOP and RMB arise mainly from the operation of overseas subsidiaries in Macau and Mainland China. The net exposure positions, both by individual currency and in aggregate, are managed by the Treasury of the Bank on a daily basis within established foreign exchange limits.

Long-term foreign currency funding, to the extent that this is used to fund Hong Kong dollar assets, or vice versa, is normally matched using foreign exchange forward contracts to reduce exposure to the foreign exchange risk.

Risks Associated with Derivative Instruments

In the normal course of business, the Bank enters into a variety of derivative transactions including forwards, futures, swaps and options transactions in the interest rate, foreign exchange and equity markets. Derivative transactions are conducted for both trading and hedging purposes. The Bank’s objectives in using derivative instruments are to meet customers’ needs by acting as an intermediary, to manage the Bank’s exposure to risks and to generate revenues through trading activities within acceptable limits.

The credit risk arising from a derivative contract is calculated by taking the cost of replacing the contract, where its mark-to-market value is positive, together with an estimate for the potential future change in the value of the contract. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value.

Operational Risk Management

The Bank manages its operational risk through a management structure comprising members of senior management and an independent risk management team, and operational risk officers from each business and support function, and operating through a set of operational risk policies, risk tool-kits, operational risk incident reporting and tracking system, and control self assessment and key risk indicator tools. Together with a well established internal control system, operational risk can be adequately identified, assessed, monitored and mitigated. To allow the operational risk framework to be clearly communicated to all levels within the Bank, awareness and training programs are conducted from time to time.

To minimise the impact on the Bank’s business in the event of system failure or disasters, back-up sites and operation recovery policies and plans have been established and tested for all critical business and operations functions.

Operational risk framework is also supported by periodic independent reviews of internal control systems by external and internal auditors. The RMCC have an oversight of the performance and effectiveness of operational risk management.

The Role of Internal Audit

The Bank’s Internal Audit Division is an independent, objective assurance and consulting unit which is designed to focus on enhancing and sustaining sound internal control in all business and operational units of the Bank. The Division reports functionally to the Audit Committee which is chaired by an independent Non-Executive Director. The Division conducts a wide variety of internal control activities such as compliance audits and operations and systems reviews to ensure the integrity, efficiency and effectiveness of the systems of control of the Bank.

Corporate Governance

Corporate governance is concerned with how companies are managed and controlled, and in particular the role and operation of the Board of Directors in sustaining sound business integrity and practices, and effective accountability. DSB has fully complied with the requirements set out in the guideline entitled “Corporate Governance of Locally Incorporated Authorized Institutions” issued by the HKMA.

The Board of Directors

As at 31st December, 2021, the Board of Directors of DSB (the “**Board**”) comprised a Chairman, seven executive directors including the DSB Group Chief Executive, and six non-executive directors. The Board meets at least quarterly. Its principal roles include the formulation and approval of corporate and business strategies, review of operations and financial performance, approval of key policies and annual business plans, and ensuring the maintenance of sound risk management and regulatory compliance.

The Executive Committee can call upon such members of senior management for advice or participation in its discussions as it deems appropriate.

Audit Committee

The Audit Committee of DSBG, established by the Board of Directors of DSBG (the “**Board of DSBG Group**”), has the authority to review all matters related to financial statements and disclosure, audit work performed by internal and external auditors, internal control systems, risk management system and compliance for the DSBG Group including the Bank. The Committee reports to the Board of DSBG Group its observations and comments on any issue that needs to be brought the attention of the Board of DSBG Group, and makes recommendations to the Board of DSBG Group regarding financial statements and results announcements.

Three independent non-executive directors of the DSBG Group comprise the DSBG Group’s Audit Committee, which meets at least three times a year with the DSBG Group’s and the Bank’s senior management, the head of Internal Audit and the external auditors. The Chairman of the Committee is an independent non-executive director with a high level of financial and audit experience.

The head of Internal Audit of the Bank reports functionally to the DSBG Group’s Audit Committee. External auditors have direct access to the Committee for expressing their views and comments on any matter or concern relating to the DSBG Group or the Bank.

Risk Management and Compliance Committee

The RMCC of the Bank is a Board-level committee with the responsibility to provide guidance and oversight on the Bank’s risk management strategy and development, review risk management issues and the resolution thereof, and review risk management policies and major risk limits prior to the approval by the Board, and review major regulatory compliance issues and development, and exercise oversight on the compliance function and activities of the Bank. It has the authority to conduct any enquiry and review on matters related to risk management and compliance with risk policy and regulatory requirements.

The RMCC comprises three independent non-executive directors of the Bank and the Chief Executive of the Bank.

Executive Committee

The Bank’s Executive Committee comprises the Chairman, Chief Executive and executive directors of the Bank. It is responsible for developing and setting the strategy and objectives of the Bank. It provides direction and guidance to business divisions, reviews business performance, ensures effective internal control systems, allocates resources, prioritises business initiatives and investment, and is delegated with the authority of the Board of the Bank to exercise the authority and the power of the Board on matters relating to the normal course of business of the Bank.

The Executive Committee can call upon such members of senior management for advice or participation in its discussions as it deems appropriate.

Asset and Liability Management Committee

The DSBG's ALCO is accountable to the Executive Committee of the DSBG Group and of the Bank, and oversees the overall management of the statement of financial position, liquidity, funding, interest rate risk and market risk of the DSBG Group and of the Bank. It is responsible for formulating business plans affecting lending business, loan mix, treasury investments, deposit taking and capital management. It also plays a key role in the overall risk governance and management of the DSBG Group and the Bank.

The DSBG Group's ALCO meets every week and its regular tasks include review of key business emphasis and development, loan and deposit changes, funding requirement, liquidity, surplus funds investments, capital market dealing, and review of market changes and competition. The DSBG Group's ALCO also conducts a regular monthly review of overall statement of financial position and business performance, including trend analysis and actual positions against limits and targets.

The DSBG Group's ALCO is chaired by the Chief Executive of the DSBG Group, who is also the Chief Executive of the Bank. Members of the ALCO include executive directors of the Bank, heads of most business divisions, risk management and financial control.

Credit and Risk Management Committees

The Bank has a Group Credit Committee for approving major credit exposures. The Credit Management Committee and TIRC are the functional committees responsible for credit policy formulation and portfolio monitoring of the loan and treasury businesses respectively. These committees are all chaired by the Chief Executive of DSBG with certain Executive Directors and senior business and credit officers as members. Credit risk measurement, underwriting, approval and monitoring requirements are detailed in credit policies.

Compliance Committee

The Group Compliance Committee is responsible for overseeing and guiding the development, maintenance and enhancement of compliance system, policies and practices to ensure compliance with all statutory requirements and regulatory guidelines. The Committee serves to uphold a high level of awareness and accountability for compliance requirements. The Bank has adopted an ongoing compliance control and monitoring process within business and support functions to enhance compliance control.

Members of the Compliance Committee include the Chief Executive, the Head of Group Compliance Division, a number of executive directors and senior operation and risk control executives of the Bank. Minutes of the Committee meetings and regular reports are submitted to the Audit Committee.

MANAGEMENT AND EMPLOYEES

As of the date of this Offering Circular, the senior management of DSB is made up of experienced and professional bankers. The profile of the Executive Directors and senior executives, and their respective responsibilities are as follows:

Executive Directors

David Shou-Yeh Wong Aged 81. Chairman of the Bank since 1983. Also the Chairman of DSFH, DSBG and various other companies. Honorary President of Guangdong Chamber of Foreign Investors. Vice President of The Hong Kong Institute of Bankers. Past Chairman of the Hong Kong Club, Former Member of The Banking Advisory Committee, Hong Kong Trade Development Council, Advisory Committee of the Securities and Futures Commission, Hongkong/Japan Business Co-operation Committee, Governor's Business Council, Economic Review Committee, Land and Building Advisory Committee, Land Development Corporation, Consultative Committee on the New Airport and Related Projects, General Committee of Federation of Hong Kong Industries, Hong Kong Port Development Council, Board of Review (Inland Revenue), The Court of the Hong Kong Polytechnic University and Former Director of the Community Chest of Hong Kong. Mr. Wong graduated from Massachusetts Institute of Technology with a Bachelor of Science degree in Electrical Engineering.

Hon-Hing Wong (Derek Wong) Aged 69. Joined the Bank in 1977 and has served and managed various departments before appointed as a Director in 1989, promoted to Managing Director in 2000 and then appointed as a Vice Chairman in April 2011. He is the Vice Chairman, Managing Director and Chief Executive of Dah Sing Banking Group Limited, the Managing Director and Chief Executive of Dah Sing Financial Holdings Limited, Chairman of Dah Sing Bank (China) Limited and a director of various major subsidiaries of the Group. He is also a Non-Executive Director and Vice Chairman of Bank of Chongqing Co., Ltd. (listed in Hong Kong) in which the Group has a 13.20% equity interest. Mr. Wong is an Associate of The Institute of Bankers (U.K.) and a Founder Member of The Hong Kong Institute of Bankers and The International Retail Banking Council of the U.K. He holds a Higher Diploma in Business Studies from the Hong Kong Polytechnic College (now known as The Hong Kong Polytechnic University) and has over 40 years of experience in banking.

- Harold Tsu-Hing Wong Aged 52. A Vice Chairman and the Managing Director and Chief Executive of the Bank. Joined the Bank in 2000, and was appointed as an Executive Director in 2005 and a Vice Chairman in March 2010. Further appointed as the Managing Director and Chief Executive of the Bank in August 2017. A Director of Dah Sing Bank (China) Limited, Banco Comercial de Macau, S.A., Dah Sing Insurance Company (1976) Limited and Macau Insurance Company Limited. A non-official member of the Industry Advisory Committee on Long Term Business established by the Insurance Authority and a non-official member of the Trade and Industry Advisory Board of the Trade and Industry Department. Holder of a Master of Business Administration degree from Harvard University, U.S.A. and a Bachelor of Laws (Honours) degree from King’s College, London. A qualified solicitor in England and Wales and in Hong Kong.
- Gary Pak-Ling Wang Aged 61. Currently Deputy Chief Executive of the Bank and effective starting August 2012. Appointed as the Group Chief Financial and Operating Officer of the Bank and DSBG starting June 2017 and up to mid June 2021. Previously Alternate Chief Executive of the Bank during January 2000 to April 2011 and as the Chief Executive of the Bank during May 2011 to August 2017. Executive Director of the Bank since 1997 and an Executive Director of DSFH and DSBG. Joined the Bank in 1995 as the Financial Controller and promoted as the Finance Director of the DSFH Group and of the Bank in 2002. Mr. Wang graduated from the University of Hong Kong with a Bachelor of Social Sciences degree, and is a qualified accountant and member of the Association of Chartered Certified Accountants of the U.K. and Hong Kong Institute of Certified Public Accountants.
- Nicholas John Mayhew Aged 54. Appointed as an Executive Director and Deputy Chief Executive of DSBG in June 2017. Joined DSFH in 1998 and is currently Deputy Chief Executive of the Bank and Dah Sing Banking Group Limited, and an Executive Director of the Bank, Dah Sing Banking Group Limited, Dah Sing Insurance Company (1976) Limited, and Macau Insurance Company Limited. Responsible for the Bank’s treasury and corporate finance activities. More than 30 years of experience in financial services both in the U.K. and Hong Kong. Graduated with a Bachelor of Arts degree (Joint Honours) from the School of Oriental and African Studies, University of London.
- Mei-Chun Wong (Phoebe Wong) Aged 55. Appointed as Deputy Chief Executive and Senior Director of the Bank in April 2022. Joined the Bank as the Head of Retail Banking business in February 2012, responsible for the development and management of overall retail banking, bancassurance, retail brokerage, wealth management and vehicle financing. Over 30 years of experience in retail and personal banking business with various banks operating in Hong Kong, including Standard Chartered Bank and CITIC Bank International.

- Barbara Yuen-Lai Ma. Aged 55. Appointed as an Executive Director of the Bank in February 2021. Joined the Bank as the Head of Corporate Banking Division in February 2020, responsible for overseeing and supervising commercial banking business. Nearly 30 years of solid banking experience in Hong Kong, the United Kingdom and the United States of America, mainly in commercial and corporate banking with a full spectrum of clients in various sectors. Ms. Ma graduated from The London School of Economics and Political Science with a Bachelor of Science degree in Economics.
- Wai-Kin Chan (Cliff Chan) Aged 50. Appointed as an Executive Director of the Bank in March 2019. Joined the Bank as General Manager and Head of Wealth Management in 2009, responsible for the formulation and execution of overall business strategies of the Bank's wealth management business, including securities brokerage, retail wealth management, and private banking. Over 20 years of extensive experience in various areas including financial services, manufacturing and public administration. Mr. Chan holds a Bachelor of Arts degree from the University of Cambridge and a Master degree in Business Administration from the Harvard Business School. He is a Chartered Financial Analyst of the CFA Institute and a Certified Private Wealth Professional of the Private Wealth Management Association.

The business address of each of the Executive Directors is 26th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

Senior Management

Kevin Ka-Wai Wong, aged 57, joined the Bank in 2014 as General Manager, Group Head of Compliance and is responsible for management of compliance matters of the Bank. Mr. Wong attained a Bachelor of Commerce (Accounting) from the University of Birmingham, UK, a Master Degree of Finance from Curtin University of Technology, Australia and a Master of Laws Degree in International Corporate and Financial Law from the University of Wolverhampton, UK. Mr. Wong has more than 20 years of experience in the financial services sector and regulatory supervision.

Amy Sze Ching Chan (Amy Chan), aged 50, joined DSB in January 2018 as General Manager, Group Head of Human Resources Division. Ms. Chan has over 28 years of experience in the human resources field, of which 25 years are in the banking and financial industry. Ms. Chan graduated from the University of Strathclyde, U.K., with a Bachelor of Arts degree followed by a Postgraduate Diploma in Human Resources Management. Ms. Chan is a Fellow of The Chartered Institute of Personnel and Development of the U.K.

Frederick Ka-Wai Lau (Frederick Lau), aged 51, assumed the role of Head of Group Risk Division since April 2018 (which was retitled Chief Risk Officer and Group Head of Risk Management since April 2021) and had his role redesignated as Group Chief Risk Officer and Group Head of Risk Management in May 2022. He is responsible to oversee risk management matters of the Group. Mr. Lau joined DSB in 2010 as the General Manager and Head of Market Risk, and progressed to become the Head of Risk Management and Control Department. Mr. Lau graduated from the Chinese University of Hong Kong with a Degree in Business Administration, and from the Hong Kong University of Science and Technology with a Master Degree in Business Administration. Mr. Lau has over 27 years of working experience covering mainly risk management and other roles in the banking sector, and also in regulatory supervision capacity.

Vanessa Chang, aged 51, joined the Bank as the General Manager, Deputy Chief Credit Officer in Group Risk Division in 2013 and was appointed as General Manager, Chief Credit Officer of the Bank in April 2018. She had her role expanded as Group Chief Credit Officer in May 2022. She is responsible for overseeing and managing the credit risk of different portfolios of the Bank. Ms. Chang

has over 25 years of experience in credit risk management and marketing for institutional, corporate and commercial banking. She attained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong and is a CFA charterholder.

Chan-Wai Sen (Simon Sen), aged 57, has been the General Manager, Group Head of Internal Audit since December 2018 and is responsible for overseeing and supervising audit activities of the Group. He joined DSB in 1994 and has over 30 years of solid banking and IT audit experience. Mr. Sen attained a degree of Bachelor of Arts in Computing Studies from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and a Master Degree of Business Administration from The Chinese University of Hong Kong. He is a Certified Information Systems Auditor awarded by the Information Systems Audit and Control Association and a professional member of The Hong Kong Institute of Bankers.

Betty Wai Yee Chung (Betty Chung), aged 56, assumed the role of Chief Operating Officer and Group Head of Information Technology since April 2020. Ms. Chung has over 30 years of solid banking and IT experience. Prior to joining the Bank, she held various IT positions in multinational and regional financial institutions. Ms. Chung holds an Executive Master of Business Administration degree from The Chinese University of Hong Kong and a degree of Bachelor of Science in Computer Science from Purdue University, U.S.A.

Steve Yik-Chung Yu, aged 59, joined Dah Sing Bank Limited in January 2013. Appointed as General Manager & Treasurer in October 2020, responsible for the Bank's funding management and Treasury investment & trading activities. Graduated with a Bachelor of Business Administration degree from University of New Brunswick, Canada.

Chi-Leung Chow (Cristo Chow), aged 55, joined DSB in June 2021 and his role is Group Chief Financial Officer. Mr. Chow has over 25 years of solid accounting and finance experience in the banking industry and had held various senior positions in financial institutions. He has extensive experience in financial and regulatory reporting and tax, financial control, capital management, budgeting, financial and business analysis. Mr. Chow holds a Master of Science in Finance degree from University of Michigan, U.S.A. and a Bachelor of Business degree from Monash University, Australia. He is a Certified Public Accountant and a Fellow Member of the Association of Chartered Certified Accountants.

The business address for each member of senior management is 26th Floor, Dah Sing Financial Centre, 298 Queen's Road East, Wanchai, Hong Kong.

Human Resources

As at 31st December, 2021, DSB had a total staff of 2,398 (31st December, 2020: 2,421) employees.

SUMMARY FINANCIAL INFORMATION

The information set out in this Offering Circular does not constitute statutory financial statements.

The summary financial information set forth below has been extracted from the statutory financial statements of the Bank for the years ended 31st December, 2019, 2020 and 2021 (which have been delivered to the Registrar of Companies of Hong Kong as required) except for the amounts shown in US Dollars which are added for reference purposes, and should be read in conjunction with the published audited consolidated financial statements of the Bank which have been incorporated by reference in this Offering Circular.

The auditor's report on the consolidated financial statements of the Bank for each of years ended 31st December, 2019, 2020 and 2021 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

Copies of the audited consolidated annual financial statements of the Bank deemed to be incorporated by reference in this Offering Circular may be obtained without charge from the website of Hong Kong Monetary Authority (<https://vpr.hkma.gov.hk/eng/regulatory-resources/registers/register-of-ais-and-lros/info/100006>). This includes the latest audited consolidated financial statements of the Bank for the year ended 31st December 2021 which are also available on the website and are deemed to be incorporated by reference in this Offering Circular.

Consolidated Income Statements:

	For the year ended 31st December,			
	2019	2020	2021	2021
	HK\$	HK\$	HK\$	US\$
	millions	millions	millions	millions
	(audited)	(audited)	(audited)	(unaudited)
Interest income	7,473	6,210	5,170	665
Interest expense	(3,417)	(2,525)	(1,230)	(158)
Net interest income	4,056	3,685	3,940	507
Fee and commission income	1,433	1,382	1,407	181
Fee and commission expense	(286)	(200)	(209)	(27)
Net fee and commission income	1,147	1,182	1,198	154
Net trading income	103	314	175	23
Other operating income	68	61	63	8
Operating income	5,374	5,242	5,376	692
Operating expenses	(2,861)	(2,843)	(3,031)	(390)
Operating profit before impairment losses	2,513	2,399	2,345	302
Loan impairment losses and other credit provisions	(357)	(647)	(373)	(48)
Operating profit before gains and losses on certain investments and fixed assets	2,156	1,752	1,972	254
Net loss on disposal of other fixed assets	(7)	(3)	(8)	(1)
Net gain/(loss) on fair value adjustment of investment properties	(28)	(84)	4	1
Net gain/(loss) on disposal of financial assets at fair value through other comprehensive income	–	13	5	1
Impairment loss on goodwill	–	(98)	–	–
Share of results of an associate	702	710	698	90
Impairment loss on the investment in an associate	(287)	(531)	(726)	(94)
Loss on deemed disposal of investment in an associate	–	–	(31)	(4)
Share of results of jointly controlled entities	32	33	33	4
Profit before taxation	2,568	1,792	1,947	251
Taxation	(353)	(317)	(309)	(40)
Profit for the year attributable to shareholders of the Bank	2,215	1,475	1,638	211
Dividends	654	404	450	58

* Amounts in Hong Kong dollars have been translated into US dollars at the average exchange rate for the year ended 31st December, 2021 of HK\$7.773871 = US\$1.

Consolidated Statements of Financial Position:

	As at 31st December,			
	2019	2020	2021	2021
	HK\$ millions (audited)	HK\$ millions (audited)	HK\$ millions (audited)	US\$ millions (unaudited)
ASSETS				
Cash and balances with banks.....	17,642	15,262	12,008	1,540
Placements with banks.....	5,495	5,356	4,532	581
Trading securities.....	8,388	5,080	4,425	568
Financial assets at fair value through profit or loss.....	329	–	14	2
Derivative financial instruments.....	568	1,136	621	80
Advances and other accounts.....	144,621	146,833	152,461	19,555
Financial assets at fair value through other comprehensive income.....	42,163	41,816	41,434	5,314
Financial assets at amortised cost.....	15,644	22,834	24,531	3,146
Investment in an associate.....	3,889	4,278	4,231	543
Investments in jointly controlled entities.....	96	106	114	15
Goodwill.....	812	713	714	91
Intangible assets.....	58	58	58	7
Premises and other fixed assets.....	3,228	3,866	3,802	488
Investment properties.....	1,209	683	756	97
Deferred income tax assets.....	116	125	121	15
Total assets.....	<u>244,258</u>	<u>248,146</u>	<u>249,822</u>	<u>32,042</u>
LIABILITIES				
Deposits from banks.....	2,465	3,500	1,703	218
Derivative financial instruments.....	1,093	3,191	1,425	183
Trading liabilities.....	5,517	1,571	1,512	194
Deposits from customers.....	183,544	191,242	197,022	25,270
Certificates of deposit issued.....	6,751	8,126	6,590	845
Subordinated notes.....	5,510	3,828	4,129	530
Other accounts and accruals.....	10,805	7,036	6,537	838
Current income tax liabilities.....	471	383	160	21
Deferred income tax liabilities.....	17	12	15	2
Total liabilities.....	<u>216,174</u>	<u>218,889</u>	<u>219,093</u>	<u>28,101</u>
EQUITY				
Share capital.....	6,200	6,200	6,200	795
Other reserves (including retained earnings).....	20,985	22,159	23,630	3,031
Shareholders' funds.....	27,185	28,359	29,830	3,826
Additional equity instruments.....	899	898	899	115
Total equity.....	<u>28,084</u>	<u>29,257</u>	<u>30,729</u>	<u>3,941</u>
Total equity and liabilities.....	<u>244,258</u>	<u>248,146</u>	<u>249,822</u>	<u>32,042</u>

* Amounts in Hong Kong dollars have been translated into US dollars at the year-end exchange rate as at 31st December, 2021 of HK\$7.79665 = US\$1.

CAPITALISATION AND INDEBTEDNESS OF DAH SING BANK, LIMITED

The consolidated capitalisation and indebtedness of the Bank as at 31st December, 2021 based on the financial information extracted from the Bank's audited financial statements for the year ended 31st December, 2021 was as follows:

	As at 31st December, 2021	
	HK\$ millions (audited)	US\$ millions ⁽¹⁾ (unaudited)
Short-term liabilities		
Deposits from banks	1,703	218
Derivative financial instruments	1,425	183
Trading liabilities	1,512	194
Deposits from customers	197,022	25,270
Certificates of deposit issued, short-term portion	6,205	796
Subordinated notes, short-term portion	–	–
Current income tax liabilities	160	21
Other accounts and provisions	3,960	508
Total short-term liabilities	211,987	27,190
Long-term liabilities:		
Certificates of deposit issued, long-term portion	385	49
Subordinated notes, long-term portion	4,128	529
Deferred income tax liabilities	15	2
Other accounts and accruals	2,577	331
Total long-term liabilities	7,105	911
Shareholders' funds		
Share capital	6,200	795
Reserves	23,630	3,031
Total shareholders' funds	29,830	3,826
Additional equity instruments	899	115
Total capitalisation and indebtedness	249,821	32,042

Notes:

- (1) Translated into US dollars at HK\$7.79665 = US\$1, being the rate of exchange of US dollars into Hong Kong dollars as at 31st December, 2021 as used by the Bank for its year-end translation.
- (2) There has been an increase in deposits from customers, primarily due to general economic conditions.
- (3) As at 31st December, 2021, the Bank had issued and fully paid share capital of HK\$6,200 million (approximately US\$795 million).
- (4) There has been no adverse change in the consolidated capitalisation and indebtedness of the Bank since 31st December, 2021.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, inter alia, an authorized institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no prospectus involving the issue of the Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of the Notes by DSB is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the “**SDO**”)).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3% of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

Notwithstanding the above, no stamp duty is payable on the transfer of a regulatory capital security (as defined in Section 17A of the IRO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. The Hong Kong government has passed the Revenue (Stamp Duty) Bill 2021 to increase the relevant rate of stamp duty from 0.1 per cent. to 0.13 per cent., with such increase due to take effect on 1 August 2021. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

The proposed financial transactions tax (“FTT”)

On 14th February, 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

United States FATCA Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under “Terms and Conditions-Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

FATCA is particularly complex and significant aspects of when and how FATCA will apply remain unclear. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or the CMU Service (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that DSB and the Guaranteed Issuers believe to be reliable, but neither DSB, the Guaranteed Issuers nor any Dealer or the Arranger takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither DSB, the Guaranteed Issuers nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

CMU

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service (“**CMU Members**”) of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, “**CMU Instruments**”) which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all financial institutions regulated by the Hong Kong Monetary Authority, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further detail on the full range of the CMU Service’s custodial services, please refer to the CMU Reference Manual.

The CMU Service has an income distribution service which is a service offered by the CMU Service to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the “**income proceeds**”) by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU Service has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

Book-Entry Ownership

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The relevant Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU Service, Euroclear and Clearstream, Luxembourg.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The relevant Issuer may also apply to have Registered Notes to be represented by a Global Certificate accepted for clearance through the CMU Service. Each Global Certificate will have an International Securities Identification Number (“**ISIN**”) and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream, Luxembourg.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in the Amended and Restated Dealer Agreement dated 22 July 2022, as supplemented and amended from time to time (the “**Dealer Agreement**”) between, among others, DSB, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the relevant Issuer to the Permanent Dealers. However, each of DSB and the Guaranteed Issuers has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Each of DSB and the Guaranteed Issuers has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

Each of DSB and the Guaranteed Issuers has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Other Relationships

The Dealers and their affiliates may, from time to time, engage in transactions with and perform services for the Issuers, their subsidiaries and affiliates in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. It is expected that the Dealers and their respective affiliates will continue to provide such services to, and enter into such transactions with, the Issuers and their subsidiaries and affiliates in the future.

In connection with the offering of any Notes, each Dealer and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuers or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to Notes being offered should be read as including any offering of Notes to the Dealers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes.

Selling Restrictions

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Notes of any identifiable tranche and shall offer and sell the Notes of any identifiable tranche (1) as part of their distribution at any time and (2) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to the Relevant Issuer and each Relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed to notify the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other Relevant Dealers of the end of the distribution compliance period. Each Dealer has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to the Relevant Issuer and the Relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Terms used in this paragraph have the meanings given to them by Regulation S.

Each issuance of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the Relevant Dealer(s) shall agree with the Relevant Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Relevant Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions. In addition, unless the Purchase Information or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either “C Rules” or “not applicable”, each Dealer has represented and agreed in relation to each Tranche of Notes in bearer form:

- (1) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”):
 - (i) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and
 - (ii) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (2) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (3) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and

- (4) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the representations contained in Clauses (1), (2) and (3) on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in Clauses (1), (2) and (3).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

In addition, to the extent that the Purchase Information or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is “**C Rules**”, under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes in bearer form, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or

- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State, except that it may make an offer of Notes to the public in that Relevant State:

- (i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “**Non-exempt Offer**”), following the date of publication of an offering circular in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such offering circular has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such offering circular or Pricing Supplement, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (ii) to (iv) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Public Offer Selling Restriction under the UK Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as ‘Not Applicable’, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

- (i) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes and the expression “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions in the UK

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in

the Netherlands, on their issue date or at any time thereafter, and neither this Offering Circular nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in Regulation (EU) 2017/1129, provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions in the Netherlands provided that each such Note has a minimum denomination in excess of EUR 100,000 (or the equivalent thereof in non-Euro currency) and subject to compliance with the relevant requirements under Regulation (EU) No 1286/2014.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or SFA Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of DSB, the Guaranteed Issuers nor any other Dealer shall have responsibility therefor.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or such affiliate on behalf of the Issuer and the Guarantor (as defined herein) in such jurisdiction.

GENERAL INFORMATION

- (1) The establishment of the Programme, the issue of Notes thereunder and, in the case of DSB, the giving of the Guarantees, have been duly authorised by resolutions of the Board of Directors of DSB on 29th April, 2002. DSB has obtained and have agreed to obtain from time to time all necessary internal consents, approvals and authorisations for the issue of Notes under the Programme. The issue of this Offering Circular has been duly authorised by resolutions of the Board of Directors of DSB dated 29th June, 2021.
- (2) DSB has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the update of the Programme.
- (3) Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of DSB or of the Group since 31st December, 2021 and no material adverse change in the financial position or prospects of DSB or of the Group since 31st December, 2021.
- (4) None of DSB nor any of DSB's Subsidiaries is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as DSB is aware is any such litigation or arbitration pending or threatened.
- (5) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) Application has been made to the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There can be no assurance that an application to the SGX-ST will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, if any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

- (7) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of DSB and from the specified office of the Paying Agent for the time being in London:
 - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Dealer Agreement;
 - (iii) the Deed of Covenant;
 - (iv) the Deed of Guarantee;
 - (v) the Memorandum and Articles of Association of DSB;

- (vi) the audited consolidated financial statements of DSB in respect of the financial years ended 31st December, 2019, 2020 and 2021, and the statement of financial position and reserve movement of DSB as at the respective dates (DSB currently prepares audited accounts on an annual basis and does not prepare annual non-consolidated financial statements other than the statement of financial position and reserve movement);
- (vii) the most recently published audited annual financial statements of DSB and the most recently published unaudited interim financial statements of DSB from time to time (DSB currently prepares unaudited consolidated interim accounts on a half-yearly basis);
- (viii) a copy of this Offering Circular;
- (ix) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to DSB or the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference;
- (x) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on any stock exchange; and
- (xi) a copy of each Deed of Adherence and each New Deed of Covenant executed by each New Issuer.

Copies of the documents referred to in sub-paragraphs (v) to (ix) above will also be available free of charge during the hours referred to above from the specified office of the Paying Agent for the time being in London.

- (8) The Legal Entity Identifier of DSB is 54930092R8KXPUNCUI17. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. The relevant Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.
- (9) PricewaterhouseCoopers has audited the consolidated financial statements of DSB for each of the years ended 31st December, 2019, 2020 and 2021, without qualification, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

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To DSB

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Legal Advisers

To the Dealers

as to English and Hong Kong law

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大新銀行

DAH SING BANK