

Main Features of Capital Instruments
30 Sep 2017

| | Ordinary shares | USD300 million Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities | USD204.024 million 6% Subordinated Notes due 2020 | USD382.903 million 3.876% Tier 2 Subordinated Notes due 2027 |
|--|---|---|---|--|
| 1 Issuer | Chong Hing Bank Limited | Chong Hing Bank Limited | Chong Hing Bank Limited | Chong Hing Bank Limited |
| 2 Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | The Stock Exchange of Hong Kong Limited's Stock Code : 01111 | ISIN : XS1107229582 | ISIN : XS0556302163 | ISIN : XS1649885974 |
| 3 Governing law(s) of the instrument | Hong Kong law | English law / Hong Kong law | English law / Hong Kong law | English law / Hong Kong law |
| Regulatory treatment | | | | |
| 4 Transitional Basel III rules [#] | Common Equity Tier 1 | NA | Tier 2 | NA |
| 5 Post-transitional Basel III rules [†] | Common Equity Tier 1 | Additional Tier 1 | Ineligible | Tier 2 |
| 6 Eligible at solo*/group/group & solo | Solo and Group | Solo and Group | Solo and Group | Solo and Group |
| 7 Instrument type (types to be specified by each jurisdiction) | Ordinary shares | Undated Non-Cumulative Subordinated Capital Securities | Other Tier 2 instruments | Other Tier 2 instruments |
| 8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date) | (HKD million) 5,435.9 | (HKD million) 2,312.0 | (HKD million) 775.9 | (HKD million) 2,969.4 |
| 9 Par value of instrument | NA | USD300 million | The subordinated notes with total face value of USD 204.024 million issued in registered form in denominations of USD100,000 each and integral multiples of USD1,000 in excess thereof | The subordinated notes with total face value of USD 382.903 million issued in registered form in denominations of USD200,000 each and integral multiples of USD1,000 in excess thereof |
| 10 Accounting classification | Shareholders' equity | Equity | Liability - amortised cost | Liability - amortised cost |
| 11 Original date of issuance | Since incorporation | 25 September 2014 | 4 November 2010 | 26 July 2017 |
| 12 Perpetual or dated | Perpetual | Perpetual | Dated | Dated |
| 13 Original maturity date | No maturity | No maturity | 4 November 2020 | 26 July 2027 |
| 14 Issuer call subject to prior supervisory approval | No | Yes | Yes | Yes |
| 15 Optional call date, contingent call dates and redemption amount | NA | The First Call Date is on 25 September 2019. The Capital Securities have no fixed redemption date. Optional Redemption (on a designated date in 2019 or on any Distribution Payment Date thereafter), Tax Redemption and Regulatory Redemption are all subject to prior written consent of the Hong Kong Monetary Authority. Redemption amount will be the then prevailing principal amount. | The notes will be redeemable at the option of the Bank in whole but not in part, at a redemption price equal to their principal amount together with accrued and unpaid interest to the date fixed for redemption, upon the occurrence of certain changes in taxation in Hong Kong requiring the payment of additional amounts. The Bank may at its option, having given not less than 30 nor more than 60 days' notice to the noteholders, redeem all the notes. | The bank may redeem all, but not some only, of the Notes then outstanding on 26 July 2022, at their outstanding principal amount together with interest accrued to (but excluding) the date of redemption, subject to adjustments following the occurrence of a Non-Viability Event and prior written consent of the Hong Kong Monetary Authority. The notes will be redeemable at the option of the Bank in whole but not in part, at a redemption price equal to their principal amount together with interest accrued to (but excluding) the date fixed for redemption, upon the occurrence of a Capital Event (Regulatory Redemption), a Tax Deduction Event (Tax Deduction Redemption) or upon the occurrence of certain changes in taxation in Hong Kong requiring the payment of additional amounts (Tax Redemption). Tax Redemption, Tax Deduction Redemption and Regulatory Redemption are all subject to prior written consent of the Hong Kong Monetary Authority. |
| 16 Subsequent call dates, if applicable | NA | NA | NA | NA |
| Coupons / dividends | | | | |
| 17 Fixed or floating dividend/coupon | Floating | Fixed | Fixed | Fixed |
| 18 Coupon rate and any related index | The final dividend is proposed by the board of directors of the Bank and is subject to approval by the shareholders of the Bank in the annual general meeting. The interim dividend is declared by the board of directors of the Bank. | At a fixed rate of 6.5% per annum until 25 September 2019. Thereafter reset at: five years U.S. Treasury Rate + 4.628% | 6% | At a fixed rate of 3.876% per annum until 25 July 2022. At a Reset Interest Rate from 26 July 2022 to (but excluding) 26 July 2027 (the "Maturity Date") |
| 19 Existence of a dividend stopper | No | Yes | No | No |
| 20 Fully discretionary, partially discretionary or mandatory | Fully discretionary | Fully discretionary | Mandatory | Mandatory |
| 21 Existence of step up or other incentive to redeem | No | No | No | No |
| 22 Noncumulative or cumulative | Noncumulative | Noncumulative | Cumulative | Cumulative |
| 23 Convertible or non-convertible | Non-convertible | Non-convertible | Convertible | Convertible |
| 24 If convertible, conversion trigger (s) | NA | NA | If at any time (on or) after 1 January 2013, the note no longer fully qualifies as term subordinated debt for inclusion in Category III - Tier 2 capital of the Bank upon changes to regulatory requirements, the Bank may, at its option and subject to the prior written approval of the HKMA, exercise a change of the status of the note by serving the "Change in Status Notice" to the noteholders. Upon a "Change in Status Notice" becoming effective, the note shall thereafter constitute unsubordinated obligations and the rate of interest on the note shall be reduced from 6% per annum to 5.5% per annum. As the "Change in Status Notice" has not been served, the rate of interest on the note remains at 6% per annum. | Each Noteholder shall be subject to having the Notes being written off, cancelled, converted or modified, or to having the form of the Notes changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice which may include (without limitation) the conversion of all or a part of the principal amount of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes. |
| 25 If convertible, fully or partially | NA | NA | Fully | Full or partial |
| 26 If convertible, conversion rate | NA | NA | 1 : 1 | NA |
| 27 If convertible, mandatory or optional conversion | NA | NA | Optional | Mandatory |
| 28 If convertible, specify instrument type convertible into | NA | NA | Other : Senior note | Shares or other securities or other obligations |
| 29 If convertible, specify issuer of instrument it converts into | NA | NA | Chong Hing Bank Limited | Chong Hing Bank Limited or another person |
| 30 Write-down feature | No | Yes | No | Yes |
| 31 If write-down, write-down trigger(s) | NA | If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Capital Security. "Non-Viability Event" means the earlier of: (i) the Hong Kong Monetary Authority notifying the Bank in writing that the Hong Kong Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; and (ii) the Hong Kong Monetary Authority notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. | NA | If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid interest in respect of, each Note (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Note. "Non-Viability Event" means the earlier of: (i) the Hong Kong Monetary Authority notifying the Bank in writing that the Hong Kong Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; and (ii) the Hong Kong Monetary Authority notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. |
| 32 If write-down, full or partial | NA | Full or partial | NA | Full or partial |
| 33 If write-down, permanent or temporary | NA | Permanent | NA | Permanent |
| 34 If temporary write-down, description of write-up mechanism | NA | NA | NA | NA |
| 35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated to additional tier 1 capital securities | Subordinated to all claims of: (i) all unsubordinated creditors of the Bank (including depositors), (ii) creditors in respect of Tier 2 Capital Securities of the Bank, and (iii) all other Subordinated Creditors of the Bank whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operations of law or contract. | Certificates of deposit | In the event of a winding-up, the rights of the Noteholders to payment of principal and interest, and any other obligations in respect of the Notes, shall rank : (a) Subordinate and junior in right of payment to, and of all claims of, (i) all unsubordinated creditors of the Bank (including depositors), and (ii) all other Subordinated Creditors of the Bank whose claims are stated to rank senior to the Notes or rank senior to the Notes by operations of law or contract (b) Pari passu in right of payment to and of all claims of the holders of Tier 2 Capital Instruments (or its equivalent) under applicable Capital Regulations or any instrument or other obligation issued, entered into, or guaranteed by the Bank that ranks or is expressed to rank pari passu with the Notes by operation of law or contract, excludes any Junior Obligations of the Bank. (c) Senior in right of payment to and of all claims of, (i) the holders of Junior Obligations, and (ii) the holders of Tier 1 Capital Instruments of the Bank, in each case in the manner provided in the Trust Deed. |
| 36 Non-compliant transitioned features | No | No | Yes | No |
| 37 If yes, specify non-compliant features | NA | NA | No loss absorption provision at the point of non-viability | NA |

Footnote:

- [#] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- [†] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- * Include solo-consolidated