

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital

The tables below summarise the ratios and the composition of regulatory capital of Dah Sing Bank, Limited (the “Bank”). All the information presented below is unaudited.

The Bank complied with all of the externally imposed capital requirements by the Hong Kong Monetary Authority (“HKMA”).

1.1 Capital adequacy ratio

	As at 30 June 2014	As at 31 December 2013
Capital adequacy ratio		
- Common Equity Tier 1	10.9%	10.4%
- Tier 1	10.9%	10.4%
- Overall	15.8%	14.5%

The capital adequacy ratio as at 30 June 2014 and 31 December 2013 represents the consolidated ratio of the Bank computed on Basel III basis in accordance with the Banking (Capital) (Amendment) Rules 2013 (the “Rules”) and the transitional arrangement set out therein, which became effective on 1 January 2013.

In the calculation of the consolidated capital adequacy ratios, the Bank and those subsidiaries consolidated in the calculation as set out in Note 1.2 below other than Banco Comercial de Macau, S.A. (“BCM”) and Dah Sing Bank (China) Limited (“DSB China”) have adopted the standardised (credit risk) approach for the calculation of the risk-weighted amount for credit risk. The Bank and its subsidiaries have adopted the basic indicator approach for the calculation of the risk-weighted amount for operational risk, and the standardised (market risk) approach for the calculation of the risk-weighted amount for market risk.

For BCM, the risk-weighted amount for credit risk is calculated using the basic approach prescribed by the banking regulator in Macau.

Only the Bank is subject to the minimum capital adequacy requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to China banking regulations.

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.2 Subsidiaries included under the regulatory scope of consolidation

The following is a full list of the Bank's subsidiaries as at 30 June 2014 and 31 December 2013, and the total amount of assets and equity of each of these subsidiaries as at 30 June 2014.

For financial reporting purposes, all the subsidiaries have been consolidated in the financial disclosure statement. The subsidiaries which are excluded from the regulatory scope of consolidation are specified with explanatory notes provided below.

HK\$'000

Name of subsidiary	Principal activity	Note	As at 30 June 2014	
			Total assets	Total equity
Included in the regulatory scope of consolidation				
Banco Comercial de Macau, S.A.	Banking		16,652,402	2,234,018
Dah Sing Bank (China) Limited	Banking		11,164,758	1,206,680
Dah Sing MTN Financing Limited	Financing		-	-
Dah Sing Properties Limited	Investment holding		-	(14,834)
DSB BCM (1) Limited	Investment holding		-	-
DSB BCM (2) Limited	Investment holding		-	-
OK Finance Limited	Money lending		426,585	(20,457)
Pacific Finance (Hong Kong) Limited	Inactive		467,589	467,074
Vanishing Border Investment Services Limited	Property investment		-	(1,353)
Dah Sing Insurance Brokers Limited	Insurance broking		16,166	10,717
Dah Sing Nominees Limited	Nominee services		100	100
Dah Sing SAR Financing Limited	Financing		-	-
Excluded from the regulatory scope of consolidation				
Dah Sing Computer Systems Limited	Property investment	(b)	-	-
Dah Sing Securities Limited	Securities dealing	(a)	112,659	73,215
DSL I (1) Limited	Inactive	(b)	-	-
Shinning Bloom Investments Limited	Inactive	(b)	-	-
Wise Measure Limited	Property investment	(b)	-	-

Note:

- (a) Subsidiary falls into the category of "financial sector entities" as defined by the Rules.

In calculating the consolidated capital adequacy ratio as at 30 June 2014 and 31 December 2013 under the Basel III basis, the portion of the aggregate significant investments in Common Equity Tier 1 capital instrument issued by financial sector entities, not subject to regulatory consolidation, that exceeded the 10% concessionary threshold was deducted from capital base. The amount within the 10% concessionary threshold was risk-weighted.

- (b) Subsidiaries are property investment or financing entities which do not operate any business, or are inactive.

In calculating the consolidated capital adequacy ratio as at 30 June 2014 and 31 December 2013 under the Basel III basis, the Bank risk-weighted the cost of investments in these subsidiaries and did not deduct them from its capital base on the basis that the total cost of investment does not exceed 15% of the Bank's capital base as at the immediately preceding calendar quarter-end date.

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements

The capital base used in the calculation of the above consolidated capital adequacy ratios and reported to the HKMA is analysed below. The capital base as at 30 June 2014 and 31 December 2013 is calculated on Basel III basis in accordance with the Rules and transitional arrangement set out therein.

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement

HK\$'000

Transition Disclosures Template			Amounts subject to pre-BaseI III treatment*	Cross-referenced to expanded Consolidated Statement of Financial Position
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying Common Equity Tier 1 capital instruments plus any related share premium	6,200,000		i
2	Retained earnings	9,268,137		j
3	Disclosed reserves	1,183,829		k
4	<i>Directly issued capital subject to phase out from Common Equity Tier 1 capital (only applicable to non-joint stock companies)</i>	Not applicable		
	<i>Public sector capital injections grandfathered until 1 January 2018</i>	Not applicable		
5	Minority interests arising from Common Equity Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Common Equity Tier 1 capital of the consolidation group)	-		
6	Common Equity Tier 1 capital before regulatory deductions	16,651,966		
Common Equity Tier 1 capital: regulatory deductions				
7	Valuation adjustments	-		
8	Goodwill (net of associated deferred tax liability)	811,690		d
9	Other intangible assets (net of associated deferred tax liability)	64,043	-	e
10	Deferred tax assets net of deferred tax liabilities	51,133	-	g
11	Cash flow hedge reserve	-		
12	Excess of total EL amount over total eligible provisions under the Internal Ratings-based (“IRB”) approach	-		
13	Gain-on-sale arising from securitization transactions	-	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	-	
16	Investments in own Common Equity Tier 1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	-	
17	Reciprocal cross-holdings in Common Equity Tier 1 capital instruments	-	-	

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Transition Disclosures Template			Amounts subject to pre-Basel III treatment*	Cross-referenced to expanded Consolidated Statement of Financial Position
18	Insignificant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	1,835	6,393	b(i)+b(ii)+b(iii)
19	Significant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable		f(i)+f(ii)-f(iii) l n
22	Amount exceeding the 15% threshold	Not applicable		
23	of which: significant investments in the common stock of financial sector entities	Not applicable		
24	of which: mortgage servicing rights	Not applicable		
25	of which: deferred tax assets arising from temporary differences	Not applicable		
26	National specific regulatory adjustments applied to Common Equity Tier 1 capital	1,978,164		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	430,018		
26b	Regulatory reserve for general banking risks	1,530,583		
26c	Debit valuation adjustments in respect of derivative contracts	17,563		
27	Regulatory deductions applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 capital and Tier 2 capital to cover deductions	3,242		
28	Total regulatory deductions to Common Equity Tier 1 capital	2,910,107		
29	Common Equity Tier 1 capital	13,741,859		
Additional Tier 1 capital: instruments				
30	Qualifying Additional Tier 1 capital instruments plus any related share premium	-		
31	of which: classified as equity under applicable accounting standards	-		
32	of which: classified as liabilities under applicable accounting standards	-		
33	Capital instruments subject to phase out arrangements from Additional Tier 1 capital	-		
34	Additional Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Additional Tier 1 capital of the consolidation group)	-		
35	of which: Additional Tier 1 capital instruments issued by subsidiaries subject to phase out arrangements	-		

Dah Sing Bank, Limited
Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Transition Disclosures Template			Amounts subject to pre-BaseI III treatment*	Cross-referenced to expanded Consolidated Statement of Financial Position
36	AT1 capital before regulatory deductions	-		
Additional Tier 1 capital: regulatory deductions				
37	Investments in own Additional Tier 1 capital instruments	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 capital instruments	-	-	
39	Insignificant capital investments in Additional Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	3,242	16,213	b(i)+b(ii)+b(iii)
40	Significant capital investments in Additional Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-	
41	National specific regulatory adjustments applied to Additional Tier 1 capital	-		
42	Regulatory deductions applied to Additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	-		
43	Total regulatory deductions to Additional Tier 1 capital	3,242		
44	Additional Tier 1 capital	-		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	13,741,859		
Tier 2 capital: instruments and provisions				
46	Qualifying Tier 2 capital instruments plus any related share premium	1,729,799		} h
47	Capital instruments subject to phase out arrangements from Tier 2 capital	2,853,554		
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-		
49	of which : capital instruments issued by subsidiaries subject to phase out arrangements	-		
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,453,283		
51	Tier 2 capital before regulatory deductions	6,036,636		- a + m

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Transition Disclosures Template			Amounts subject to pre-Basel III treatment*	Cross-referenced to expanded Consolidated Statement of Financial Position
Tier 2 capital: regulatory deductions				
52	Investments in own Tier 2 capital instruments	-	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments	-	-	
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	3,866	19,331	b(i)+b(ii)+b(iii)
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(193,508)		
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(193,508)		[f(i)+f(ii)-f(iii)] x 45%
57	Total regulatory deductions to Tier 2 capital	(189,642)		
58	Tier 2 capital	6,226,278		
59	Total capital (Total capital = Tier 1 + Tier 2)	19,968,137		
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment			
i	of which: Mortgage servicing rights	-		
ii	of which: Defined benefit pension fund net assets	-		
iii	of which: Investments in own Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments	-		
iv	of which: Capital investment in a connected company which is a commercial entity	-		
v	of which: Insignificant capital investments in Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	36,719		
vi	of which: Significant capital investments in Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Transition Disclosures Template			Amounts subject to pre-Basel III treatment*	Cross-referenced to expanded Consolidated Statement of Financial Position
60	Total risk weighted assets	126,294,509		
Capital ratios (as a percentage of risk weighted assets)				
61	Common Equity Tier 1 capital ratio	10.9%		
62	Tier 1 capital ratio	10.9%		
63	Total capital ratio	15.8%		
64	Institution specific buffer requirement (minimum Common Equity Tier 1 capital requirement as specified in s.3A, or s. 3B, as the case requires, of the Banking (Capital) Rules plus capital conservation buffer plus countercyclical buffer requirements plus Global Systematically Important Banks (“G-SIB”) or Domestic Systematically Important Banks (“D-SIB”) requirements)	4.0%		
65	<i>of which: capital conservation buffer requirement</i>	-		
66	<i>of which: bank specific countercyclical buffer requirement</i>	-		
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	-		
68	<i>Common Equity Tier 1 capital surplus over the minimum Common Equity Tier 1 requirement and any Common Equity Tier 1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s. 3B, as the case requires, of the Banking (Capital) Rules</i>	5.4%		
National minima (if different from Basel 3 minimum)				
69	National Common Equity Tier 1 minimum ratio	Not applicable		
70	National Tier 1 minimum ratio	Not applicable		
71	National Total capital minimum ratio	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)				
72	Insignificant capital investments in Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	1,374,694		
73	Significant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	1,374,510		
74	Mortgage servicing rights (net of related tax liability)	Not applicable		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Not applicable		
Applicable caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	1,818,886		

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Transition Disclosures Template			Amounts subject to pre-Basel III treatment*	Cross-referenced to expanded Consolidated Statement of Financial Position
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,453,283		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	Not applicable		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	Not applicable		
Capital instruments subject to phase-out arrangements				
80	Current cap on Common Equity Tier 1 capital instruments subject to phase out arrangements	Not applicable		
81	Amount excluded from Common Equity Tier 1 due to cap (excess over cap after redemptions and maturities)	Not applicable		
82	Current cap on Additional Tier 1 capital instruments subject to phase out arrangements	-		
83	Amount excluded from Additional Tier 1 capital due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	2,853,554		
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	713,388		

Footnotes:

* This refers to the position under the Banking (Capital) Rules in force up to 31 December 2012.

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Notes to the template

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

HK\$'000

Row No.	Description	Hong Kong basis	Basel III basis
	Other intangible assets (net of associated deferred tax liability)	64,043	64,043
9	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
	Deferred tax assets net of deferred tax liabilities	51,133	4,621
10	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.</p> <p>The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.</p>		

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Notes to the template (Continued)

Row No.	Description	Hong Kong basis	Basel III basis
	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	1,835	1,643
18	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.</p> <p>Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
19	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.</p> <p>Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.1 Position as at 30 June 2014 under Basel III basis with transitional arrangement (Continued)

Notes to the template (Continued)

Row No.	Description	Hong Kong basis	Basel III basis
	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	3,242	2,942
39	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	3,866	3,507
54	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

Remarks:

The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (Capital) Rules.

Abbreviation:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.2 Reconciliation of regulatory capital elements as at 30 June 2014 back to the Bank's financial statements

As at 30 June 2014

HK\$'000

	Statement of Consolidated Financial Position as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
Assets			
Cash and balances with banks and other financial institutions	12,100,723	12,100,723	
Placements with banks and other financial institutions maturing between one and twelve months	5,916,272	5,916,272	
Trading securities	6,534,182	6,534,182	
Derivative financial instruments	752,127	752,127	
Financial assets at fair value through profit or loss	6,069	6,069	
Advances and other accounts	114,046,998	114,007,037	
<i>of which: collective impairment provisions</i>		(288,303)	a
<i>of which: insignificant capital investments in financial entities exceeding 10% threshold</i>		-	b(i)
Available-for-sale securities	23,032,838	23,031,992	
<i>of which: insignificant capital investments in financial entities exceeding 10% threshold</i>		6,751	b(ii)
Held-to-maturity securities	9,657,396	9,657,396	
<i>of which: insignificant capital investments in financial entities exceeding 10% threshold</i>		2,192	b(iii)
Investments in subsidiaries	-	1,080	
<i>of which: significant capital investments in financial entities exceeding 10% threshold</i>		-	c(i)
Investments in associated companies	3,660,490	1,213,057	
<i>of which: significant capital investments in financial entities exceeding 10% threshold</i>		-	c(ii)
Investments in jointly controlled entities	68,013	20,000	
<i>of which: significant capital investments in financial entities exceeding 10% threshold</i>		-	c(iii)
Goodwill	811,690	811,690	d
Intangible assets	64,043	64,043	e
Furniture and equipment	382,498	382,352	
Investment properties	600,540	600,540	
<i>of which: cumulative fair value gains arising from the revaluation of land and buildings</i>		279,015	f(i)
Bank premises	2,402,692	2,402,692	
<i>of which: cumulative fair value gains arising from the revaluation of land and buildings</i>		165,247	f(ii)
Deferred income tax assets	47,091	47,091	
<i>of which: attributable to entities with net deferred income tax assets</i>		51,133	g
Total assets	180,083,662	177,548,343	

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.3 Components of regulatory capital elements (Continued)

1.3.2 Reconciliation of regulatory capital elements as at 30 June 2014 back to the Bank's financial statements (Continued)

As at 30 June 2014 (Continued)

	Statement of Consolidated Financial Position as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
Liabilities			
Deposits from banks and other financial institutions	1,976,750	1,976,750	
Derivative financial instruments	1,015,394	1,015,394	
<i>of which: Debit valuation adjustments</i>		(17,563)	n
Trading Liabilities	3,777,207	3,777,207	
Deposits from customers	140,171,265	140,242,867	
Certificates of deposit issued	4,987,513	4,987,513	
Issued debt securities	-	-	
Subordinated notes	5,536,338	5,536,338	
<i>of which: subordinated debt eligible for inclusion in regulatory capital</i>		4,583,353	h
Other accounts and accruals	3,086,598	3,050,341	
Current income tax liabilities	281,146	262,936	
Deferred income tax liabilities	47,163	47,031	
<i>of which: due to cumulative fair value gains arising from the revaluation of land and buildings</i>		14,244	f(iii)
Total liabilities	160,879,374	160,896,377	
Shareholders' Equity			
Share capital	6,200,000	6,200,000	i
Retained earnings	11,582,765	9,268,137	j
Other reserves	1,421,523	1,183,829	k
<i>of which: regulatory reserve for general banking risks</i>		1,530,583	l
<i>of which: regulatory reserve eligible for inclusion in Tier 2 capital</i>		1,164,980	m
Total shareholders' equity	19,204,288	16,651,966	

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base as at 30 June 2014

The major terms and conditions of the instruments included in the Bank's consolidated capital base as at 30 June 2014 are as follows:

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
1	Issuer	Dah Sing Bank, Limited				
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	XS0287630932	XS0483583737	XS0736001115	XS1021008328
3	Governing law(s) of the instrument	Hong Kong law	English law, except that the provisions of the above notes relating to subordination shall be governed by the laws of Hong Kong.			
<i>Regulatory treatment</i>						
4	Transitional Basel III rules#	Common Equity Tier1 Capital	Tier 2 Capital			Not applicable
5	Post-transitional Basel III rules+	Common Equity Tier1 Capital	Ineligible			Tier 2 Capital
6	Eligible at solo*/ group/ solo and group	Solo and Group				
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Perpetual debt instrument	Subordinated debt instrument	Subordinated debt instrument	Subordinated debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$6,200 million	HK\$341 million	HK\$1,395 million	HK\$1,117 million	HK\$1,730 million
9	Par value of instrument	HK\$6,200 million	US\$55,000,000 (after considering amounts subsequently repurchased and cancelled by the Bank)	US\$225,000,000	S\$225,000,000	US\$225,000,000
10	Accounting classification	Shareholders' equity	Liability at fair value hedge (for hedging interest rate risk)			
11	Original date of issuance	Note (1)	16 Feb 2007	11 Feb 2010	8 Feb 2012	29 Jan 2014
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	11 Feb 2020	9 Feb 2022	29 Jan 2024
14	Issuer call subject to prior supervisory approval	Not applicable	Yes	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	No	First optional call date: 17 Feb 2017 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	Optional call date: Nil The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par for taxation reasons on interest payment date.	First optional call date: 9 Feb 2017 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	First optional call date: 29 Jan 2019 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.
16	Subsequent call dates, if applicable	Not applicable	Any interest payment dates after the first call date	Not applicable	Any interest payment dates after the first call date	Any interest payment dates after the first call date
<i>Coupons/ dividends</i>						
17	Fixed or floating dividend/ coupon	Not applicable	Fixed to floating	Fixed	Fixed	Fixed

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base as at 30 June 2014 (Continued)

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
18	Coupon rate and any related index	Not applicable	6.253%-Fixed rate for the period from 16 Feb 2007 to 16 Feb 2017. From 17 Feb 2017, the interest rate will be changed to floating rate at 3-month USD LIBOR plus 190 basis points.	6.625%	4.875%-Fixed rate for the period from 8 Feb 2012 to 8 Feb 2017. From 9 Feb 2017 to 8 Feb 2022, fixed interest rate will be reset based on prevailing 5-year Singapore Dollar swap rate on 9 Feb 2017 plus 376 basis points.	5.25%-Fixed rate for the period from 29 Jan 2014 to 28 Jan 2019. From 29 Jan 2019 to 28 Jan 2024, fixed interest rate will be reset based on prevailing 5-year U.S. Treasury Rate on 29 Jan 2019 plus 375 basis points.
19	Existence of a dividend stopper	Not applicable	No			
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory			
21	Existence of step up or other incentive to redeem	No	Yes	No	No	No
22	Noncumulative or cumulative	Noncumulative				
23	Convertible or non-convertible	Non-convertible				
24	If convertible, conversion trigger (s)	Not applicable				
25	If convertible, fully or partially	Not applicable				
26	If convertible, conversion rate	Not applicable				
27	If convertible, mandatory or optional conversion	Not applicable				
28	If convertible, specify instrument type convertible into	Not applicable				
29	If convertible, specify issuer of instrument it converts into	Not applicable				
30	Write-down feature	No				Yes

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base as at 30 June 2014 (Continued)

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

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base as at 30 June 2014 (Continued)

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
32	If write-down, full or partial	Not applicable				Full or partial
33	If write-down, permanent or temporary	Not applicable				Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable				
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The rights of holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of preference shareholders.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of the Bank Prior Creditors. In the event of the winding up of the Bank, there shall be payable by the Bank in respect of each Undated Subordinated Note (in lieu of any other payment by the Bank), but subject as provided in this Condition, such amount, if any, as would have been payable to the holder thereof if, at the close of business on the day prior to the commencement of the winding up of the Bank and thereafter, such Noteholder were the holder of a fully-paid, validly issued preference share in the capital of the Bank having a preferential right to a return of assets in the winding up over the holders of all issued share (including for this purpose any preference share issued) for the time being in the Bank's capital on the assumption that such preference share was entitled to receive on a return of assets in such winding up an amount equal to the Early Redemption Amount payable in respect of such Undated Subordinated Note together with arrears of interest, if any, and accrued interest.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.
36	Non-compliant transitioned features	No	Yes			No
37	If yes, specify the non-compliant features	Not applicable	With incentive to redeem and without write-down/ convertible features	Without write-down/ convertible features	Without write-down/ convertible features	Not applicable

Dah Sing Bank, Limited

Regulatory Disclosures on Capital

1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base as at 30 June 2014 (Continued)

Note:

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

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

Notes:

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