Investment Product Guide - Dual Currency Investment (DCI)

I have read the Investment Product Guide of the above product, and I acknowledge that I understand its features and risks.

Signature: ______________

Print Name: ______________

Date: ______________
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The Bank will provide Product Issuing Programme / Offering Memorandum / Pricing Supplement / Offering Circular / Base Prospectus.
Overview

What is a Structured Product?

- Hybrid tailor-made product that is created to meet investors’ specific needs that cannot be met from the standardized financial instruments, by combining several elements to create a single product.
- Incorporates non-standard strategies such as a combination of basic investments, leverage and/or derivatives, such as options.

Why Structured Product?

- Structured investments provide investors with exposure to a variety of asset classes while combining a defined level of principal protection, enhanced participation and/or both.
- Can be used as an alternative to a direct investment, as part of the asset allocation process to reduce risk exposure of a portfolio, or to utilize the current market trend to enhance return.
Overview

Derivatives, such as options, are commonly used in Structured Products.

What is an Option?
- A contract that provides the buyer the right, but not the obligation, to buy or sell a pre-defined amount and at a pre-determined price of a specific security within a predetermined time period.
- Conversely, the seller is obliged to buy or sell a pre-defined amount and at a pre-determined price of a specific security within a predetermined time period.

Types of Options Commonly Used in Structured Products
- Asian – With averaging. Options whose payoffs depend on the average value over a period of time.
- Quanto – Option currency different to underlying currency. Payout is in different currency to the underlying option.
- Cliquet – Payoff depends on periodic reset feature.
- Knock-in, Knock-out – Option’s existence depends on certain level being reached.
- Callable – Investment can be called by Issuer.
- Auto-Callable – Investment must be called by Issuer if certain condition being met.
- Spread – Payoff linked to relative performance of one underlying versus another.
Yield Enhancement FX Structure

Dual Currency Investment (DCI)

Product Features:
- DCI is a yield enhancement product.
- It involves the investors SELLING a call option on the underlying deposit against another pre-determined currency.
- At 2 p.m. Hong Kong / Singapore time on the expiry date:
  - If underlying deposit currency appreciates beyond the strike price, investor will be obliged to convert the underlying deposit to the pre-determined currency.
  - Investors can also choose to convert the underlying plus the enhanced yield. Investors must inform the Bank prior to the execution of the deal.
  - If underlying deposit currency depreciates against the pre-determined currency beyond the strike price, investor will receive the underlying deposit principal plus enhanced yield.
  - If the spot rate ends exactly at the strike price, the bank reserves the right to conversion at the bank’s sole discretion.
- Delivery date of the currencies will be 2 business days from expiry date.

Suitability:
- Suitable for investors who expect the underlying currencies to trade sideways and target to buy the alternative currency at a discounted price and receive a predefined yield.

Worst-case scenario:
- When the alternative currency depreciates below the strike price, investors are obliged to buy the alternative currency at the strike price and will incur a loss which may be substantial.

Risk Factors:
- Product is NOT principal protected.
- Investors are exposed to the full downside risk of the alternative currency.
- Investors are subject to the credit risk of the Bank. Additionally, prior to maturity, the price of the note will decrease if the credit spread of the issuer of the note widen.
- Liquidity risk as Bank is not obliged to make secondary market
- If unwind before maturity, the unwind price is subject to a number of parameters including but not limited to the movement of interest rate, currency volatility and level of the underlying currencies.

Risk Level → 3 - 5 (1 to 5, with 5 being the highest).
Yield Enhancement FX Structure

Dual Currency Investment (DCI)

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Counter-currency</th>
<th>Spot</th>
<th>Strike</th>
<th>Tenor</th>
<th>Yield</th>
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</thead>
<tbody>
<tr>
<td>USD</td>
<td>AUD</td>
<td>0.9550</td>
<td>0.9350</td>
<td>1 month</td>
<td>8.5% p.a.</td>
</tr>
</tbody>
</table>

USD Deposit plus 8.5% p.a. will be converted to AUD.

Expiry
Dual Currency Investment (DCI) - Scenario Analysis

Illustration of the redemption value upon maturity

- Assuming client invests US$1,000,000 notional

<table>
<thead>
<tr>
<th>Alternative Currency</th>
<th>Pay-out at Maturity</th>
<th>Maturity Value</th>
<th>Absolute Return</th>
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</thead>
<tbody>
<tr>
<td>Closing Price at Maturity</td>
<td>% Change</td>
<td>100% Deposit Currency</td>
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<td>USD 1,000,000.00</td>
</tr>
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<td>0.52%</td>
<td>100% Deposit Currency</td>
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<tr>
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<td><strong>0.00%</strong></td>
<td><strong>100% Deposit Currency</strong></td>
<td><strong>USD 1,000,000.00</strong></td>
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