

**DBS Bank (Hong Kong) Limited**  
 星展銀行(香港)有限公司

**Fixed Rate Currency Linked Structured Investment Product (the "SIP")**  
**TERM SHEET<sup>1</sup>**  
**Principal Terms and Conditions**

**IMPORTANT:**

If you are in doubt as to any aspect of this offer, you should consult a licensed securities dealer, bank manager, solicitor, certified public accountant, tax advisor or other professional advisor.

The contents of this Term Sheet have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this Term Sheet, you should obtain independent professional advice.

If English is not your preferred language, you may request for the Chinese version of this Term Sheet from us. 倘若英文並非閣下屬意的語言，閣下可向本行索取本《條款說明書》的中文版本。

- ***This is a structured product involving derivatives. The investment decision is yours but you should not invest in the product unless DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司, the "Bank") has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.***
- **The SIP is risk rated with Product Risk Level at P1 and is suitable for investors whose risk profile is C1 or above. Please refer to the Financial Needs Analysis for description of your risk profile.**

**NOT A PROTECTED DEPOSIT**

**THE SIP IS NOT A PROTECTED DEPOSIT AND IS NOT PROTECTED BY THE DEPOSIT PROTECTION SCHEME IN HONG KONG.**

<sup>1</sup> This Term Sheet is strictly confidential and may not be reproduced.

This Term Sheet is provided to you on the understanding that (i) you have sufficient knowledge, experience, and professional advice to make your own evaluation of the merits and risks of a transaction of this type and (ii) you are not relying on us or on any of our affiliates for information, advice or recommendations of any sort.

Although the information contained herein is believed to be reliable, we make no representation as to the accuracy or completeness of any information contained herein or otherwise provided by us. We are acting on a principal-to-principal basis and not acting as your advisor or agent or in any fiduciary capacity to you. This Term Sheet does not purport to identify all of the risks (direct or indirect) or other material considerations which may be associated with you entering into the transaction. Prior to entering into the transaction, you should have determined (after consultation with your own advisors if you deem fit), without reliance upon us or our affiliates, the economic risks and merits, as well as the financial, legal, tax, accounting or other material characterisations and consequences of the transaction and that you are able to assume these risks.

The transaction may be subject to the risk of loss of the entire principal or notional amount of the transaction, the risk that we will fail to perform obligations when due and/or where applicable, given that the transaction is or may be linked to the credit of one or more entities, the deterioration of the credit of any of these entities may result in the loss of your principal or notional amount. Further, the transaction may leverage exposures to currency exchange rates, interest rates, indices or the prices of certain securities and, as a result, any changes in the value of the underlying securities, currency exchange rates, interest rates, indices or prices may cause proportionally greater (positive or negative) movements in the value of the transaction, pose convexity or gamma risk, volatility risk, time decay (theta) risk, basis risk, correlation risk, amortisation risk and/or prepayment risk, any or all of which may affect the payments received or made by you and could result in loss to you.

We, and/or our affiliates, may hold, or trade, or act as market-maker, in any securities or other financial instruments mentioned in this Term Sheet or related derivatives. We, and/or our affiliates conduct many businesses and activities that may relate to issuers mentioned in this Term Sheet and may provide broking, banking and other financial services to such issuers.

This Term Sheet may not be distributed and does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such distribution or offer is not authorised or to any person to whom it is unlawful to distribute such a document or to make such an offer or solicitation.

## PRODUCT DESCRIPTION

1. **Fixed Rate Currency-Linked SIP denominated in Settlement Currency**
  - The SIP is a fixed rate structured product denominated in Settlement Currency involving a Linked Currency denominated investment.
2. **Tenor**
  - The tenor of the SIP is stated under the caption “**Tenor**” in the SIP Order Form.
3. **Redemption**
  - The Bank will pay 100% of the Principal Amount to the Customer on the Maturity Date in the Settlement Currency, provided that the SIP is maintained by the Customer with the Bank up to the Maturity Date.
4. **Interest**
  - Interest on the SIP is paid on the Maturity Date.
  - The Customer will receive a fixed per annum interest rate of the Principal Amount for the entire tenor of the SIP (as stated under the caption “**Interest Rate (p.a.)**” in the SIP Order Form) and such interest amount is calculated by reference to the relevant Spot Rate and Forward Rate and is fixed upfront.

## KEY RISK FACTORS

Please be reminded of the following key risks of investing in the SIP and refer to the section of “Risks Associated with the SIP” in this Term Sheet for details:

- **Not a traditional deposit / time deposit** – The SIP is a form of structured product that carries risks not normally associated with ordinary bank deposits. The SIP is NOT equivalent to a time deposit. The Customer should therefore not treat the SIP as a substitute for ordinary savings or time deposits. The SIP is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong.
- **Derivatives risk** – The SIP is embedded with a currency swap. Generally, any swap transaction is subject to market risk, credit risk, liquidity risk, legal risk and settlement risk.
- **Return on the SIP / Limited Potential Gain** – The maximum potential gain is limited to the Interest Amount which is calculated by reference to the relevant Spot Rate and Forward Rate and is fixed upfront.
- **Principal amount received upon redemption** – The Customer will receive 100% of the Principal Amount on the Maturity Date only if the Customer holds the SIP up to the Maturity Date.
- **Not the same as buying the Linked Currency** – Investing in the SIP is not the same as buying the Linked Currency directly. In particular, the return on the SIP is dependent on the Spot Rate and the Forward Rate which are fixed upfront. Any appreciation or depreciation of the Linked Currency on or before the Maturity Date will not increase or decrease the return of the SIP.
- **Currency risk** – Where the Customer has converted amounts from another currency (including your home currency) into the Settlement Currency in order to make the investment in the SIP, the Customer should bear in mind the risk of exchange rate fluctuations that may cause a loss on conversion of the Settlement Currency (that is the currency the Bank pays you at maturity). You should note that such potential loss from the product could offset (or even exceed) the potential gain if the Settlement Currency depreciates against the currency you converted from (including your home currency).
- **Liquidity risk** – The SIP is a commitment by the Customer for the tenor as stated under the caption “Tenor” in the SIP Order Form. No early uplift, early withdrawal or early termination by the Customer is permitted. The Customer has to maintain the SIP with the Bank up to the Maturity Date.
- **Credit risk** – The Customer is taking on the credit risk of the Bank. The SIP is not secured by any collateral. In the worst case scenario, where DBS Bank (Hong Kong) Limited (星展銀行 (香港) 有限公司) defaults on its payment obligations under the SIP, the Customer will receive no interest payment and lose his original investment amount.

## GENERAL TERMS

<b>Bank:</b>	DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司, incorporated in 1953 in Hong Kong) <sup>2</sup> , including its successors and assigns.
<b>Customer:</b>	The Customer as stated under the caption " <b>Name(s) (in English)</b> " in the SIP Order Form.
<b>Closing Time and Date of Offer:</b>	4:00 p.m. Hong Kong time on the date stated under the caption " <b>Closing Date</b> " in the SIP Order Form and the SIP Confirmation.
<b>Investment Value Date:</b>	The date stated under the caption " <b>Investment Value Date</b> " in the SIP Order Form and the SIP Confirmation, provided that if such day is not a Business Day, it will be the first following day that is a Business Day.
<b>Maturity Date:</b>	The date stated under the caption " <b>Maturity Date</b> " in the SIP Order Form and the SIP Confirmation, provided that if such day is not a Business Day, it will be the first following day that is a Business Day.
<b>Tenor:</b>	The tenor stated under the caption " <b>Tenor</b> " in the SIP Order Form.
<b>Minimum Principal Amount:</b>	Please refer to the Table 1 below in respect of the corresponding Settlement Currency.
<b>Investment Multiples:</b>	Please refer to the Table 1 below in respect of the corresponding Settlement Currency.
<b>Minimum Offer Size:</b>	Please refer to the Table 1 below in respect of the corresponding Settlement Currency.

**Table 1**

Settlement Currency	Minimum Principal Amount	Investment Multiples	Minimum Offer Size
AUD	AUD 10,000	AUD 1,000	AUD 400,000
CAD	CAD 10,000	CAD 1,000	CAD 400,000
CHF	CHF 10,000	CHF 1,000	CHF 300,000
EUR	EUR 10,000	EUR 1,000	EUR 300,000
GBP	GBP 10,000	GBP 1,000	GBP 300,000
HKD	HKD 100,000	HKD 10,000	HKD 3,000,000
JPY	JPY 1,000,000	JPY 500,000	JPY 40,000,000
NZD	NZD 10,000	NZD 1,000	NZD 400,000
SGD	SGD 10,000	SGD 5,000	SGD 400,000
USD	USD 10,000	USD 1,000	USD 300,000

<b>Principal Amount:</b>	The Offer Amount (as defined below) (or part thereof, as the case may be) accepted by the Bank.
<b>Settlement Currency:</b>	The currency stated under the caption " <b>Settlement Currency</b> " in the SIP Order Form.
<b>Linked Currency:</b>	The currency stated under the caption " <b>Linked Currency</b> " in the SIP Order Form and the SIP Confirmation.

<b><u>Redemption</u></b>	The Bank will pay <b>Final Redemption Amount</b> , which is equal to 100% of the Principal Amount in the Settlement Currency, to the Customer on the Maturity Date, provided that the SIP is maintained by the Customer with the Bank up to the Maturity Date
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<sup>2</sup> Registered office of DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司): 11/F, The Center, 99 Queen's Road Central, Hong Kong.

**Hedging Costs:** The losses, expenses and costs (if any) incurred by the Bank of unwinding, terminating, liquidating, adjusting, obtaining, replacing or re-establishing any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any instruments of any type whatsoever which the Bank may hold as part of such hedging arrangements), all as calculated by the Bank acting in good faith and in a commercially reasonable manner.

## Interest

**Payment of Interest Amount:** The Bank will pay the Interest Amount to the Customer on the Interest Payment Date.

**Interest Payment Date:** Maturity Date.

**Interest Period:** A period beginning from (and including) the Investment Value Date to (but excluding) the Maturity Date.

**Interest Amount:** An amount in the Settlement Currency (if Settlement Currency is JPY, rounded to the nearest yen, with 0.5 yen rounded upwards; otherwise, rounded to the nearest cent, with 0.5 cent rounded upwards) which is equivalent to the sum of the Return Amount and the FX Differential Amount.

**Return Amount:** An amount in the Settlement Currency determined as follows:  
Principal Amount x Spot Rate x Linked Rate / Forward Rate x Day Count Fraction of Linked Currency.

**FX Differential Amount:** An amount in the Settlement Currency determined as follows:  
Principal Amount x (Spot Rate – Forward Rate) / Forward Rate

**Linked Rate:** The per annum percentage rate as stated under the caption “**Linked Rate (p.a.)**” in the SIP Order Form and the SIP Confirmation.

**Day Count Fraction:** The relevant day count fraction as set out below in respect of the corresponding currency.

Currency	Day Count Fraction
AUD	Actual number of days in the Interest Period divided by 360
CAD	Actual number of days in the Interest Period divided by 360
CHF	Actual number of days in the Interest Period divided by 360
EUR	Actual number of days in the Interest Period divided by 360
GBP	Actual number of days in the Interest Period divided by 365
HKD	Actual number of days in the Interest Period divided by 365
JPY	Actual number of days in the Interest Period divided by 360
NZD	Actual number of days in the Interest Period divided by 360
SGD	Actual number of days in the Interest Period divided by 365
USD	Actual number of days in the Interest Period divided by 360

**Spot Rate:** A rate, as stated under the caption “**Spot Rate**” in the SIP Order Form and the SIP Confirmation, expressed as the amount of Linked Currency per one unit of Settlement Currency.

**Forward Rate:** A rate, as stated under the caption “**Forward Rate**” in the SIP Order Form and the SIP Confirmation, expressed as the amount of Linked Currency per one unit of Settlement Currency.

## OTHER TERMS AND CONDITIONS

**No Early Withdrawal by the Customer prior to the Maturity Date:**

The Customer is not entitled to terminate, withdraw or call for the payment to it or a third party, of all or any part of the Principal Amount before the Maturity Date. The SIP is not a negotiable or transferable instrument and there is no market for the SIP. THE CUSTOMER SHOULD INTEND TO HOLD THE SIP UP TO THE MATURITY DATE.

**Use of Funds:**

The Customer agrees that the Bank may use the funds invested by the Customer in the SIP at its sole discretion in any manner, including but not limited to entering into any financial transactions and buying and selling any financial instruments or securities, as permitted by law.

**Fees & Expenses:**

The Bank's fees are shown on the Bank Charges Schedule available at branches of the Bank. The Bank may at its reasonable discretion impose other service fees, facility fees and/or other charges from time to time but will provide the Customer with advance notice of any other fees or charges imposed, or of any changes to the fees or charges.

Although there are no explicit charges, any fees and charges incurred by the Bank, whether to enter into underlying investments or hedging arrangements or for operational or administrative purposes and profit margins, if any, are already inherently contained in and subsumed into the calculation of the interest rate and other variables under the SIP.

**Determinations by the Bank:**

All determinations and calculations will be made by the Bank in good faith and in a commercially reasonable manner and shall (in the absence of manifest error) be binding and conclusive on the Customer.

**Business Day Convention:**

If any date on which any payment is due is not a Business Day, then such payment date will be the first following day that is a Business Day.

**Business Day:**

A day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong and relevant financial centres as set out below in respect of both the Settlement Currency and Linked Currency.

Settlement Currency	Linked Currency	Financial Centres
AUD	HKD	Sydney
CAD	HKD	Toronto
CHF	HKD	Zurich
EUR	HKD	TARGET
GBP	HKD	London
JPY	HKD	Tokyo
NZD	HKD	Wellington
SGD	HKD	Singapore
USD	HKD	New York
AUD	USD	Sydney and New York
CAD	USD	Toronto and New York
CHF	USD	Zurich and New York
EUR	USD	TARGET and New York
GBP	USD	London and New York
HKD	USD	New York

JPY	USD	Tokyo and New York
NZD	USD	Wellington and New York
SGD	USD	Singapore and New York
HKD	AUD	Sydney
HKD	CAD	Toronto
HKD	CHF	Zurich
HKD	EUR	TARGET
HKD	GBP	London
HKD	JPY	Tokyo
HKD	NZD	Wellington
HKD	SGD	Singapore
USD	AUD	Sydney and New York
USD	CAD	Toronto and New York
USD	CHF	Zurich and New York
USD	EUR	TARGET and New York
USD	GBP	London and New York
USD	JPY	Tokyo and New York
USD	NZD	Wellington and New York
USD	SGD	Singapore and New York

**Documentation and Inconsistencies:**

The SIP will be governed by the **SIP Documents**, which means the Important Facts Statement, this Term Sheet, the Applicable Account Terms and Conditions, the SIP Order Form and the SIP Confirmation.

The “**Important Facts Statement**” is a statement which highlights the key features and key risks of the SIP.

The “**Term Sheet**” means this term sheet of the SIP setting out the principal terms and conditions of the SIP.

The “**SIP Confirmation**” means a confirmation issued by the Bank confirming its acceptance of the investment of the Offer Amount (or part thereof, as the case may be) by the Customer in the SIP.

The “**SIP Order Form**” means an order form, which shall have been completed by the Customer for the Bank (in writing or over the phone with the Bank), applying to place the Offer Amount for investment in the SIP.

The “**Applicable Account Terms and Conditions**” means the Investment Products Consolidated Terms and Conditions or Terms and Conditions for Accounts under Wealth Management Investment Portfolio (Wealth Management Accounts) (as appropriate, depending on through which account the Customer trades the SIP), a copy of which has been provided to the Customer before or when the Customer opened the SIP account with the Bank.

In the event of any inconsistency between the provisions of any of the SIP Documents, the inconsistency will be resolved in favour of the document ranking higher in the following order of priority: (a) the SIP Confirmation, (b) the SIP Order Form, (c) this Term Sheet, (d) the Applicable Account Terms and Conditions and (e) the Important Facts Statement.

**Governing Law:**

The laws of Hong Kong.

**No Gross-Up for Withholding Tax:**

All amounts (including the Final Redemption Amount) to be paid by the Bank to the Customer shall be paid net of any applicable withholding tax (including any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to



Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "**FATCA Withholding Tax**"). No additional amounts shall be payable by the Bank to the Customer on account of any withholding tax (including any FATCA Withholding Tax).

**Additional Selling Restrictions:**

This product is 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 (the "**EEA**").

For these purposes, a retail investor means a person who is one (or more) of:

- (a) (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 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**"); 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 this product to be offered so as to enable an investor to decide to purchase or subscribe this product.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling this product or otherwise making it available to retail investors in the EEA has been prepared and therefore offering or selling this product or otherwise making it available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

## APPLICATION PROCEDURES

1. To place an order for the SIP (the "**SIP Order**"), the Customer must complete the SIP Order Form for the Bank (by submitting a completed SIP Order Form to the Bank or completing the SIP Order Form over the phone with the Bank). The parties intend and agree that the SIP Documents will be conclusive and binding on the Customer upon expiry of the Cancellation Period as defined in the SIP Order Form and (if applicable) upon the Customer's confirmation of placement of that order after completion of the Pre-Investment Cooling-off Period but is subject to final execution and acceptance by the Bank and provided that the SIP Documents may be terminated by the Bank as herein provided.
2. The amount which the Customer wishes to place in the SIP (the "**Offer Amount**") must be deposited with the Bank on or before the submission of the SIP Order Form. The deposited funds will be held in the relevant account until the Investment Value Date. If the deposited funds are held in an interest-bearing account, the relevant account will be credited with any interest accrued between the date on which the Offer Amount is deposited with the Bank and the Investment Value Date.
3. On the Investment Value Date, if the SIP Order is accepted by the Bank (whether in whole or in part), the Offer Amount (or the relevant part thereof) will be invested in the SIP on the terms set out in this Term Sheet.
4. A SIP Confirmation will normally be issued to the Customer within two Business Days from the Investment Value Date if the SIP Order is accepted by the Bank, but any failure or delay in doing so will not prejudice the binding nature of the SIP upon the Customer.
5. The Bank has the discretion not to execute or accept any SIP Order (or any part thereof) notwithstanding the SIP Order has been received by the Bank.
6. Without prejudice to the Bank's discretion as aforesaid, the Bank will not execute and will not accept SIP Orders unless the aggregate of all SIP Orders received by the Bank on or before the Closing Date of Offer is not less than the Minimum Offer Size. Further, if the market is affected by significant exchange rate, interest rate and/or other price movements and/or other unusual conditions before the Closing Date of Offer, the Bank may shorten the SIP offer period and stop receiving new SIP Orders. If a SIP Order has not yet been confirmed by the Bank as being accepted by the Bank in a SIP Confirmation and the SIP Order is not declined by the Bank (the "**Pending Orders**"), the Bank will use its reasonable efforts to execute such Pending Orders, but the Bank will otherwise have no obligation with respect to the Pending Orders.

7. In addition, even if a SIP Order has been received by the Bank, the Bank will have the right to cancel the SIP Order received if a SIP Cancellation Event occurs on or after the Closing Date of Offer and on or before the Investment Value Date.
8. If a SIP Order is not accepted or is cancelled after acceptance as provided for above, the Bank will notify the Customer of any such non-acceptance or cancellation and the termination of the SIP Documents with respect to the SIP without any liability, and then release the Offer Amount deposited (if any) to the Customer (without any interest other than as provided for in paragraph 2 above) as soon as practicable thereafter.

**SIP Cancellation Event:**

Any of the following:

- (a) any event beyond the control of the Bank which, in the Bank's opinion, will make it impracticable, illegal or impossible for the Bank to perform its obligations under the SIP or to effectively hedge its obligations under the SIP; or
- (b) notwithstanding that the Minimum Offer Size has been reached, in the Bank's opinion, changes in market conditions have made it impracticable for the Bank to effectively hedge its obligations under the SIP given the total amount of SIP Orders.

### COMPARISON WITH STANDARD TIME DEPOSIT

The Customer will receive 100% of the Principal Amount and Interest Amount on the Maturity Date. If you wish to compare the return on the SIP with a standard time deposit, please refer to the Bank's per annum interest rate for a standard time deposit with same tenor and same principal amount as the SIP.

### RISKS ASSOCIATED WITH THE SIP

**Not a traditional deposit/ time deposit**

- The SIP is a form of structured product that carries risks not normally associated with ordinary bank deposits. The SIP is NOT equivalent to a time deposit. The Customer should therefore not treat the SIP as a substitute for ordinary savings or time deposits.
- The SIP is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong.

**Suitability and concentration**

- The Customer should ensure that he understands the characteristics of the SIP and the nature of the risks associated with his investment. The Customer should consider the suitability of the SIP as an investment in light of his own circumstances and financial condition.
- In particular, the Customer should note that the tenor of the SIP is stated under the caption "Tenor" in the SIP Order Form and should not form a substantial portion of his investment portfolio.

**Summary Information Only**

- This document contains summary information only. It does not contain all of the terms and conditions (material or otherwise) of the SIP and the Customer is advised to review all of the documents referred to under the section headed "Documentation and Inconsistencies". If the Customer requires further information in relation to the SIP, please contact the Bank.

**Derivatives risk**

- The SIP is embedded with a currency swap. Generally, any swap transaction is subject to market risk, credit risk, liquidity risk, legal risk and settlement risk.

**Return on SIP / Limited Potential Gain**

- The maximum potential gain is limited to the Interest Amount which is calculated by reference to the relevant Spot Rate and Forward Rate and is fixed upfront.

**Principal Amount will be received upon redemption on the Maturity Date**

- The Customer will receive 100% of the Principal Amount on the Maturity Date only if the Customer holds the SIP up to the Maturity Date.

**SIP terms and return**

- Certain parameters in respect of the SIP (e.g. Closing Time and Date of Offer) may be affected by a number of market factors, including changes in the value and volatility of the underlying asset(s), changes in foreign exchange rates and economic, financial and political events that are difficult to predict, and thus may be subject to appropriate adjustments by the Bank.



- The total payout the Customer receives for the tenor of the SIP may be less than the return or interest the Customer may otherwise have received from other investments.
- The SIP has investment risks. The Customer will only receive a return determined in the manner set out in this Term Sheet and the other SIP Documents. The Customer should fully understand the investment risks before making any investment in the SIP.
- The Customer's attention is drawn to the following (which is not exhaustive):  
The interest on the SIP depends on the levels of the Spot Rate and the Forward Rate. These rates are fixed upfront and the Interest Amount will be determined at the outset.

#### **Not the same as buying the Linked Currency**

- **Investing in the SIP is not the same as buying the Linked Currency directly. In particular, the return on the SIP is dependent on the Spot Rate and the Forward Rate which are fixed upfront. Any appreciation or depreciation of the Linked Currency on or before the Maturity Date will not increase or decrease the return of the SIP.**

#### **Liquidity risk**

- **The SIP is a commitment by the Customer for the tenor as stated under the caption "Tenor" in the SIP Order Form. No early uplift, early withdrawal or early termination by the Customer is permitted. The Customer has to maintain the SIP with the Bank up to the Maturity Date.**

#### **Currency risk**

Where the Customer has converted amounts from another currency (including your home currency) into the Settlement Currency in order to make the investment in the SIP, the Customer should bear in mind the risk of exchange rate fluctuations that may cause a loss on conversion of the Settlement Currency (that is the currency the Bank pays you at maturity). You should note that such potential loss from the product could offset (or even exceed) the potential gain if the Settlement Currency depreciates against the currency you converted from (including your home currency).

#### **There are potential conflicts of interest**

- The Bank and its affiliates play a variety of roles in connection with the SIP, including acting as counterparty and calculation agent and hedging its obligations under the SIP. The Bank and/or its affiliates may also enter into, adjust and unwind transactions relating to the relevant assets or currencies, whether for its or its affiliates' proprietary accounts or for accounts under management or to facilitate transactions on behalf of Customers or otherwise. In carrying out these roles, the Bank's economic interests and those of its affiliates are potentially adverse to the Customer's interests as counterparty in the SIP.

#### **The Customer must rely on his own evaluation of the merits of the SIP**

- In the ordinary course of their businesses, the Bank and/or its affiliates may from time to time express views on expected movements in the exchange rates and/or the interest rates of the relevant currencies or other currencies. These views are sometimes communicated to clients and which are subject to change due to changes in worldwide economic, political and other developments over differing time horizons. In connection with the SIP, the Customer must make his own evaluation of the merits of the SIP and the Customer must not rely on any views which may be expressed by the Bank and/or its affiliates in the ordinary course of their businesses with respect to future price movements in the relevant currencies or other currencies.

#### **Historical information about the exchange rates and/or the interest rates for the relevant currencies may not be indicative of future values**

- Historical information on the exchange rates and/or interest rates which may be provided to the Customer is for information only, and the Customer should not regard the information as indicative of the range of, or trends in, or future fluctuations in the exchange rates and/or interest rates or the future performance of the SIP.

#### **The Customer is taking on the credit risk of the Bank**

- **The SIP is not secured by any collateral. The Customer is taking on the credit risk of the Bank** with respect to all payments due under this SIP. For more information on the Bank, including its financial conditions, you may go to [www.dbs.com/hk](http://www.dbs.com/hk) where you can obtain its latest annual statutory accounts. A printed copy of such statutory accounts is also available upon request.
- **In the worst case scenario, where DBS Bank (Hong Kong) Limited (星展銀行 (香港) 有限公司) defaults on its payment obligations under the SIP, the Customer will receive no interest payment and lose his original investment amount.**

#### **Compounding of Risks**

- An investment in the SIP involves risks and should only be made after assessing, for example, the direction, timing and magnitude of potential future changes in interest rates, exchange rates and the terms and conditions of the SIP. More than one risk factor may have simultaneous effects with regard to the SIP such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the SIP.

## PAYOUT ILLUSTRATIONS

**(Note: All figures below are hypothetical and merely serve as illustrations for reference only. They are not indicative of the future or likely performance of the SIP.)**

### **Assumptions:**

**Investment Value Date:** 11 May 2018

**Maturity Date:** 10 May 2019

**Linked Currency:** HKD

Principal Amount (USD)	Spot Rate	Forward Rate	Linked Rate (p.a.)	Actual number of days in the Interest Period
100,000	7.8499	7.8331418136	1.00%	364

Return Amount = Principal Amount x Spot Rate x Linked Rate / Forward Rate x Day Count Fraction of Linked Currency

$$= \text{USD}100,000 \times 7.8499 \times 1.00\% / 7.8331418136 \times (364/365)$$

$$= \text{USD} 999.39$$

FX Differential Amount = Principal Amount x (Spot Rate – Forward Rate) / Forward Rate

$$= \text{USD}100,000 \times (7.8499 - 7.8331418136) / 7.8331418136$$

$$= \text{USD}213.94$$

### **Scenario 1: Best Case Scenario**

**On the Maturity Date, Customer will receive:**

- USD100,000, which is 100% of the Principal Amount; and
- USD1,213.33, which is equivalent to the sum of the Return Amount and the FX Differential Amount

Thus, Customer will receive a total payout of USD101,213.33, which is equivalent to a return of 1.2133% of the Principal Amount, i.e. Interest Rate at 1.20% (1.2133% / 364 x 360).

### **Scenario 2: The Bank becomes insolvent or defaults on its obligations**

Assuming that the Bank becomes insolvent during the tenor of this product or defaults on its obligations under this product, you can only claim as its unsecured creditor. You may get nothing back and suffer a total loss of your investment amount.