Swap and Interest Rate Options offered by DBS Bank (Hong Kong) Limited, Private Banking & Treasures Private Client

IMPORTANT NOTE

- This document serves to explain the key product features and product risks and is for your reference only. This document does not constitute an offer, an invitation, or a recommendation to enter into any transaction.
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- The products mentioned herein are only offered to professional investors, as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and the rules made under the SFO and have derivative knowledge.
- You should consider if the product matches your risk appetite, concentration level, investment horizon and investment objectives before investing.
- Investment involves risks. Losses may be incurred as well as profits made as a result of buying and selling investment products.
- By signing and returning the Product Booklets Acknowledgement Sheet, you acknowledge and confirm to the Bank that you have received and understood this document.
- The products may not be authorized by any regulatory authorities in Singapore or Hong Kong or elsewhere.

Health warning for derivatives products

The products mentioned herein are derivatives product. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.

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Products coverage

- Swaps (Interest Rate Swap, Cross Currency Swap, Total Return Swap, Participating Swap, Subsidizing Swap, Knock-Out Swap, Discounted Fixed Swap)
- Interest Rate Option (Interest Rate Cap, Interest Rate Floor, Interest Rate Knock Out Cap, Swaption)

Get to know Swaps

1) Interest Rate Swap ("IRS")

Product Features

- Swaps are agreements between an investor and the Bank to exchange (swap) a series of interest payments at periodic intervals over a specific period of time. In general, vanilla interest rate swaps consist of two legs, where one party agrees to pay either a fixed or floating rate denominated in a particular currency to the other party in return for a cash flow in desired rate. The most common vanilla interest rate swaps are fixed-for floating, fixed-for-fixed, and floating-for-floating vanilla interest rate swaps. The legs of the swap can be in the same currency or in different currencies.
- Swaps allow an investor to express a particular view on interest rates and enjoy a better return on its investment, or as a way to hedge cash flows of an asset or a liability.
- Product tenor can be as long as 15 years for hedging purpose (maximum 10 years if not qualified for hedging)
- Interest payment to be exchanged for every Payment Period is determined as Notional times underlying reference rate (p.a.) times number of days included for that particular Payment Period according to Day Count Fraction that defined in Term Sheet.

Applications

- **Hedging borrowing cost** – Transacting the IRS to hedge a Bond (usually Fixed Rate Bond) and/or a Loan (usually a Floating Rate Loan). This is also called covered basis position.
- **Criteria for a position to be treated as covered basis in the Bank.**

  Conditions for IRS covered by Fixed Rate Bond:

  ✓ Client has a bond in the Bank

  ✓ IRS : Client receive Float / Pay Fixed

  ✓ IRS currency = Bond currency

  ✓ IRS tenor =< Bond maturity

  ✓ IRS payment dates = Bond coupon dates

  ✓ Notional Amount of IRS =< Par Value of Bond

  Conditions for IRS covered by Floating Rate Loan:

  ✓ Client has a loan in the Bank

  ✓ IRS : Client receive Float / Pay Fixed

  ✓ IRS currency = Loan currency

  ✓ Notional Amount of IRS =< Loan Principal

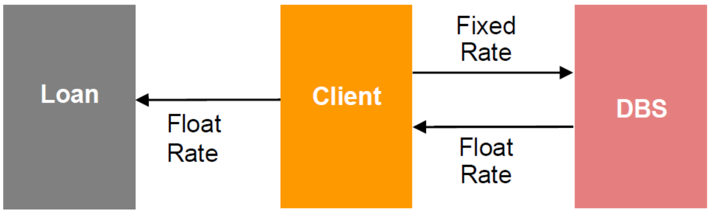
  ✓ On each loan rollover, the loan maturity date = next IRS payment date

- **Take advantage of a particular view –** Investor can take the swap position to express own views on the interest rate movement, e.g. enter into a pay fixed receive floating position if expecting rate increase.
- **Flexible notional –** For clients who wish to match the IRS position to an amortizing loan, the IRS may be structured with reducing notional amount.
- **Multicurrency for selection –** the Bank offers IRS in major currencies but not limited to e.g. USD, EUR, GBP, JPY, CHF, AUD, NZD, CAD, SGD, HKD, CNH

Objectives

Pay Fixed & Receive Floating

- **Certainty on future cashflow –** Investor will know the exact future cashflow on every payment period.
- **Protect against interest rate rise –** Investor is protected against interest rate increases if they have loan with floating funding cost.



Pay Floating & Receives Fixed

- **Benefit from interest rate drop –** Investor pay less interest payment if interest rate goes down consistently during the tenor of the swap.
- **Receive regular cash inflow –** investor receives fixed cash flow during the tenor of the swap no matter interest rate fluctuation.

2) Cross Currency Swap ("CCS")

Product Features

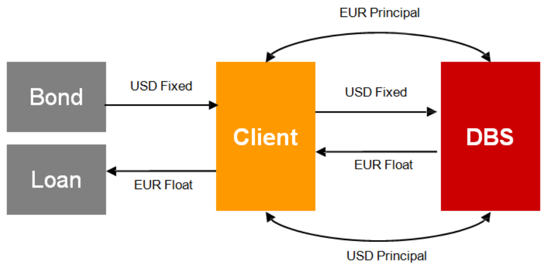
- An agreement between two parties to exchange, or swap future interest payments in one currency for those denominated in another currency. Investor can exchange principal at maturity or at initial and at maturity.
- Investor can convert interest payment and interest to be received into other currencies.
- Interest payment to be exchanged for every Payment Period is determined as Notional times underlying reference rate (p.a.) times number of days included for that particular Payment Period according to Day Count Fraction that defined in Term Sheet.

Applications

- **Alter source of borrowing in another currency –** swapping currency and return from an asset to another currency.
- **Criteria for a position to be treated as covered basis in the Bank.**
  - ✓ Client has a Fixed Rate Bond **AND** a Floating Rate Loan in the Bank:
  - ✓ Client Receive Float on Loan Currency / Pay Fixed on Bond Currency
  - ✓ Maturity date of the CCS =< Bond maturity
  - ✓ Interest payment dates of CCS = Bond coupon dates AND on each loan rollover, the loan maturity date = next CCS payment date
  - ✓ CCS Pay Fixed currency = currency of bond
  - ✓ CCS Pay Fixed interest rate = coupon rate of bond
  - ✓ CCS Receive Float currency = currency of loan
  - ✓ Notional Amount of CCS =< Par Value of Bond AND =< Loan Principal
- **Flexible variation** – 4 combinations for meeting investor's needs
  - (a) Client Pay Fixed on Currency 1 / Receive Fixed on Currency 2
  - (b) Client Pay Fixed on Currency 1 / Receive Float on Currency 2
  - (c) Client Pay Float on Currency 1 / Receive Fixed on Currency 2
  - (d) Client Pay Float on Currency 1 / Receive Float on Currency 2
- **Flexible notional –** For clients who wish to match the CCS position to an amortizing loan, the CCS may be structured with reducing notional amount.
- **Multicurrency for selection –** The Bank offers CCS in major currencies but not limited to e.g. USD, EUR, GBP, JPY, CHF, AUD, NZD, CAD, SGD, HKD, CNH

Objectives

- **Take advantage on the view of interest rate movement –** depends on the position, investors can lock their borrowing cost, benefit from rate drop and receive regular cash flow.
- **Hedge against FX and interest rate exposures –** Investors can hedge their carry trade position (borrow in a currency that they think will depreciate and invest in asset that they think will appreciate).



3) Total Return Swap ("TRS")

Product Features

- A TRS receiver makes payments based on a set rate, either fixed or variable to exchange for a total return (includes coupon/ dividend income and capital gains) of an underlying asset. Underlying asset can be an equity, index, bond or commodity.
- The receiver is synthetically long the reference asset. He/ She has almost the same payoff stream as if he/she had invested in the underlying asset directly.

Applications

- **Gain exposure on the underlying asset** – TRS allows the party, as a receiver to receive the total return to gain exposure and benefit from value appreciation of the reference asset without owning it.
- **Gain exposure on an asset that cannot access** – Some markets may be restricted to certain types of investors only. Investors that are not eligible can participate by entering into a TRS.

Objectives

- **Balance Sheet Management** – Instead of paying plenty of cash to buy the asset upfront, TRS allows investors gaining exposure without giving up their liquidity.
- **Off Balance Sheet Exposure** – Investor does not need to enlarge their asset to express their investment view.
- **May need to compensate the swap payer** – As a receiver, can benefit from asset appreciation. However, if the asset depreciates, swap payer can claim from receiver for price difference on asset depreciation.

4) Credit Default Swap ("CDS")

Product Features

- Credit Default Swap (CDS) is a credit derivative contract between two counterparties. A CDS seller agrees to pay the CDS buyer an agreed amount if a credit event occurred. In return, the CDS buyer pays the seller a predefined rate, namely, a spread. The payment can be one off at inception and/ or regularly during the tenor.
- Occurrence of credit event depends on credibility or solvency of the reference entity, which can be a particular bond or the issuer, maybe a company or a country or government.

Applications

- Reference entity can be one single asset or a basket of assets. If the reference entity is a basket of assets, the trigger of credit event can be a default event on either one asset (first to default) or several assets.
- Pricing of CDS depends on credit quality/ default probability. CDS price or spread is low when the market thinks default probability of the reference entity is low. If the credit quality gets worse the CDS spread will go up.
- In case physical settlement applies, the CDS buyer can deliver the defaulted underlying asset to the CDS seller.

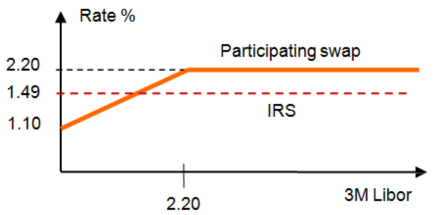
Objectives

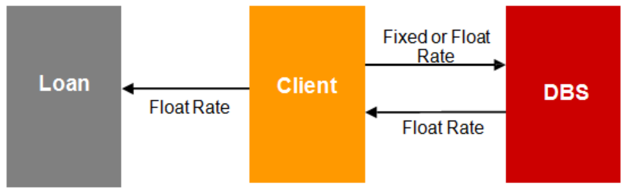
- **Hedge default risk of reference entity** – a proxy financial product of CDS is insurance. The CDS buyer is like an insurance buyer, they will get compensation from the CDS seller if credit event occurs. The CDS can be used to hedge against default risk if the buyer owns the reference entity.
- **Speculate credit quality of the reference entity** – however, unlike insurance contract the CDS buyer does not need to have insurable interest on the reference entity. It means that the CDS buyer can speculate on credit quality of the reference entity. The CDS buyer can buy CDS at low price when credit quality is still good and then sell it at higher price if credit quality turns bad later as he/ she wishes.

5) Other types of Swap

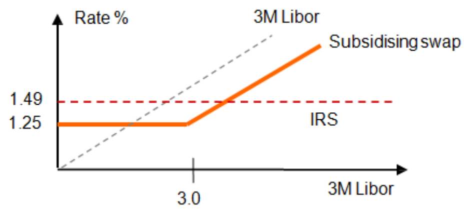
Product Features

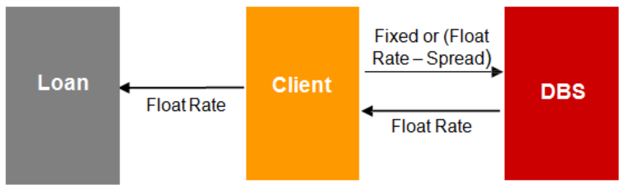
- **Participating Swap** - A participating swap is a swap that has combination of the fixed **AND** floating payments. However, the payment is capped at a certain rate.



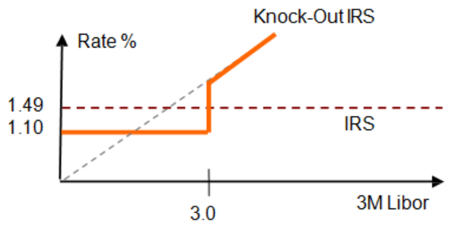


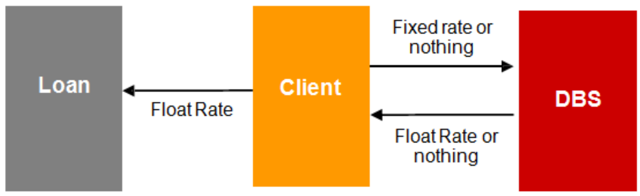
- **Subsidizing Swap** – A subsidizing swap is one where the investor takes some upside risk. Client is compensated by paying a lower variable rate than a fixed rate IRS when the barrier is not breached. Once breached, client will pay the floating rate minus a subsidy for that payment period. However, the client is subjected to rising interest rate risk.





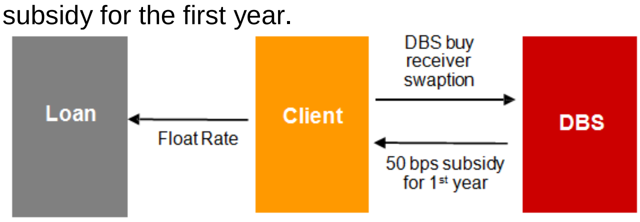
- **Knock-Out Swap** – A knock-out Swap is a variation to a Subsidising Swap whereby the client does not benefit from the subsidy once the barrier is breached.





However, investor is not protected against rising interest rate when floating rate is above the barrier.

- **Discounted Fixed Swap** – A discounted fixed swap is a swap which client sells a swaption to enjoy a lower interest payment for first year. After first year, the bank has the right to terminate the swap or receive a fixed rate for the remaining tenor. This structure suits clients who are indifferent towards hedging and would like to enjoy a subsidy for the first year.

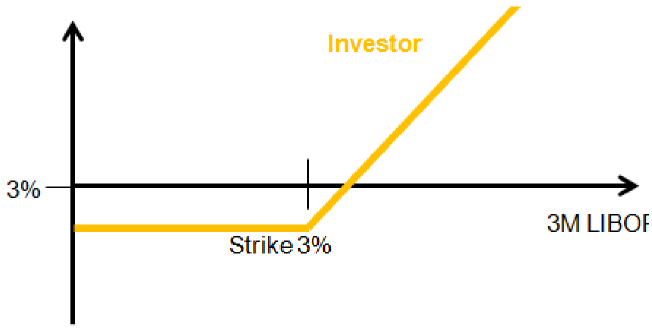


Get to know Interest Rate Options

1) Interest Rate Cap

Product Features

- An interest rate cap is a derivative in which the buyer receives payments at the end of each period in which the interest rate exceeds the agreed strike price.
- The interest rate cap can be analyzed as a series of European call options or caplets which exist for each period the cap agreement is in existence.

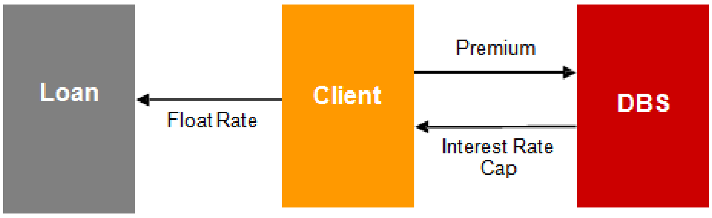


Applications

- The buyer of an interest rate cap takes the view that interest rates will rise.
- The buyer needs to pay an upfront premium.

Objectives

- Interest rate cap can be used to hedge against interest rate fluctuations and interest rate rise.
- It can be used for hedging borrowing cost of a position or a portfolio.
- Investor retains the full benefit of low interest rates while protecting himself from a spike in interest rates above the cap strike level.



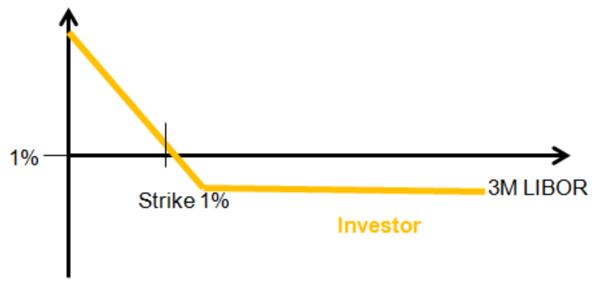
2) Interest Rate Floor

Product Features

- Similar to Interest Rate Cap, Interest Rate Floor is deemed as a series of European interest rate option which exist for each tenor period of the floor agreement.
- The difference is the buyer is entitled to receive payment if the current underlying interest rate goes below the strike.

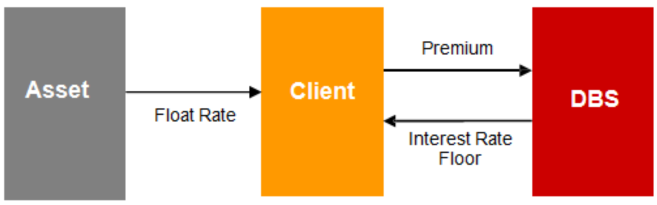
Applications

- Interest rate floor can be used to hedge against an asset that used to give the holder a floating rate return.
- The buyer needs to pay an upfront premium.



Objectives

- The buyer expresses a view that interest rate will go down.
- Interest rate floor can be used to hedge against interest rate fluctuations.



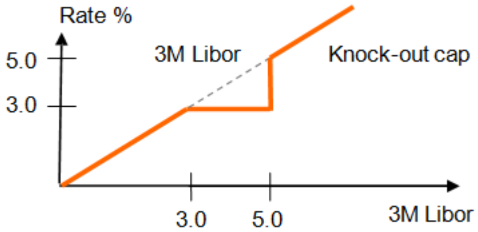
3) Interest Rate Knock Out Cap

Product Features

- A knock-out cap is a normal cap that extinguishes once the rate moves above the upper barrier.
- Buyer is protected against rising interest rate from the lower barrier to upper barrier.

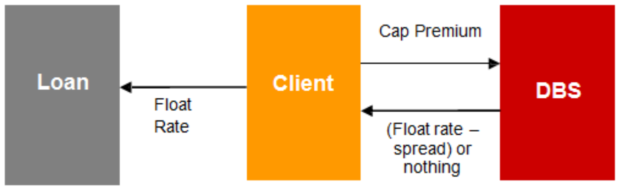
Applications

- Premium of knock-out cap is lower than normal cap. Buyer can hedge their position by paying lower premium than normal cap.



Objectives

- If the interest rate rises, client has protection as long as floating rate stay within the lower and upper barriers.
- Client is not protected against rising interest rate when floating rate is above the upper barrier.



4) Swaption

Product Features

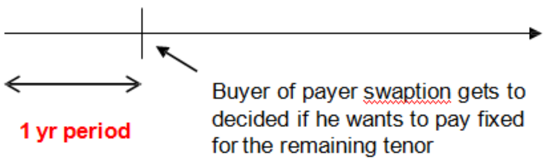
- Swaptions are options on swaps. The holder of a swaption has the right to enter into a swap in the future.
- Payer swaptions give the holders the right to enter into a swap to pay fixed rate.
- Receiver swaptions give the holders the right to enter into a swap to receive fixed rate.

Applications

- Swaption can be used for hedging a liability that will exist sometime in future.
- The buyer of the swaption has to pay premium even if the swaption is not exercised.
- There are several styles of swaption.
  European – one time exercise.
  Bermudan – Multiple pre-determined exercise dates.
  American – Multiple exercise dates anytime during the life of the swaption.

Objectives

- The buyer of payer swaption will have protection against rising interest rate in the future. i.e. exercise the swaption and enter into a Swap if the current market rate rise above the strike.
- The buyer of receiver swaption will have protection against falling interest rate in the future.
- The seller of the swaption
- may have to enter into a swap that is off market swap rate which may cost more than the swaption premium received (unlimited potential loss if exercised).



Key Risks of Investing in Swaps and Interest Rate Options (not exhaustive)

Market Risk

- Investing in Swaps and Interest Rate Option ("the Products") involves market risk. Changes in interest rates can be unpredictable, sudden and large. Such changes may result in the price or value of the Products moving adversely to the interests of the investor and negatively impacting on the return on the Products. In extreme circumstances, the investor may lose all, or a significant proportion of, the original investment.
- A prospective investor in the Products should be experienced with dealing in these types of products and should understand the risks associated therewith. A prospective investor should reach an investment decision only after careful consideration, with advisers (where appropriate), of the suitability of the Products in light of the investor's particular financial position, investment experience, objectives and other relevant circumstances, the terms and conditions governing the Products (including margin requirements, if applicable), the particular underlying currency pair and interest rates to which The Products relates, any related transaction costs, and the creditworthiness of the Bank.

Tenor

- The investor should take note of the tenor of the Products. The investor should further note that any product with a longer tenor will tend to be associated with higher risks and early termination, if permitted at the sole and absolute discretion of the Bank, usually will involve higher costs.

Concentration Risk

- The investor should be satisfied that he / she has the risk appetite for, and is not over exposed to, the relevant interest rates to which the Products relates, or any fixed income instruments or structured interest rate- linked transactions of a similar nature.
- In considering his / her risk appetite, the investor should also take into account his / her total maximum exposure to the relevant interest rates and the structured interest rate-linked transactions arising from the Products and any other transactions of a similar nature (whether with the Bank or other counterparties) under adverse market conditions.

Not a Traditional Foreign Exchange or Interest Rate Contract

- The Products are structured interest rate-linked transactions that carry risks not normally associated with traditional interest rate-linked transactions. The investor should therefore not treat the Products as substitute for traditional interest rate-linked transactions.

Investor Suitability

- The investor should ensure that he understands the characteristics of the Products and the nature of the risks associated therewith and consider the suitability of the Products in the light of his / her personal circumstances and financial condition. In particular, the investor must ensure that he / she is able to withstand the potential financial loss.

Summary Only

- This document contains only a summary of the Products. It does not contain all of the terms and conditions (material or otherwise) of the Products and the investor is advised to review all of the documents relating to the Products, including the trade confirmation.

Interest Rate Risk

- The relevant interest rate(s) underlying the Products will be influenced by the complex and interrelated global and regional political, economic, financial and other factors that (directly or indirectly) can affect interest rates.

Such factors include, without limitation, the general economic conditions, relative rates of inflation, the balance of payments and the extent of governmental surpluses or deficits.

- Interest rates can be controlled, affected or altered by intervention from governments through a variety of techniques. Such techniques may include, without limitation, imposition of ceilings or floors on interest rates, adjustment of monetary, interest rate or export and import policy, intervention by central bank or imposition of regulatory controls or taxes.
- Accordingly, the value of the Products and settlement amounts under the Products could be affected by the government actions that could change or interfere with previously freely determined valuations and fluctuations in response to other market forces. There will be no offsetting adjustment or change made during the term of the Products in such (or similar) circumstances, whether foreseeable or unexpected.

Foreign Exchange Rate Risk

- Entering into CCS denominated into more than one currency involves foreign exchange rate risk. Changes in the relevant exchange rate(s) can be unpredictable, sudden and large. Such changes may result in the price or value of the swap moving adversely against the interests of the investor and negatively impacting upon the return or settlement value. In extreme circumstances, the investor may suffer a loss that may exceed the maximum aggregate notional amount of the swap and may be unlimited.
- The relevant exchange rate(s) in the swap will be influenced by the complex and interrelated global and regional political, economic, financial, regulatory and other factors that (directly or indirectly) can affect the currency markets on which the relevant currency(ies) is traded. Such factors include, without limitation, relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in the countries in which such currencies are circulated as legal tender.
- Foreign exchange rates can be controlled, affected or altered by intervention from governments through a variety of techniques. Such techniques may include, without limitation, fixing or allowing the exchange rate to float freely or within a prescribed range, imposition of ceiling or floor, adjustment of monetary, interest rate or export and import policy, intervention by central bank, imposition of regulatory controls or taxes or issuance of a new currency to replace an existing currency.
- Accordingly, the value of the CCS and settlement amounts under the CCS could be affected by the government actions that could change or interfere with previously freely determined currency valuations, fluctuations in response to other market forces and the movement of currencies across borders or regions. There will be no offsetting adjustment or change made during the term of the Product in such (or similar) circumstances, whether foreseeable or unexpected.
- In the worst case, converting back into base currency at market rate, the value can be substantially lower than the initial amount.

Liquidity Risk

- The secondary market for the Products may be limited or non-existent. The Bank does not undertake to make a market in or otherwise provide secondary market liquidity in the Products. No early uplift, withdrawal, modification or termination is permitted except with the Bank's prior agreement or as otherwise provided under the Products.
- The investor should intend to maintain his interest in the Products for its entire tenor. If the Products is terminated early or modified, the investor may suffer losses and will have to compensate the Bank for costs (if any) incurred by the Bank in replacing or obtaining the economic equivalent of the Products as a result of such termination or modification. Such losses and costs may be substantial.
- The Products will not be listed or traded on any exchange or other regulated market.

Credit Risk

- The Products is not secured by any collateral.
- The investor is taking on the credit risk of the Bank with respect to all payments due under the Products. The latest annual statutory accounts and other information on the Bank are available on its website at www.dbs.com.hk.
- In the worst case scenario, where the Bank defaults on its payment obligations under the Products, the investor will receive no payment.

Issuer's Credit Rating

- The investor should not solely rely on the long-term credit ratings of the Bank when evaluating its creditworthiness. There is no assurance that the Bank's long-term credit ratings as set out in this document will remain in effect for any given period of time or that such ratings will not be revised, suspended or withdrawn in the future if, in the relevant credit rating agency's judgment, the circumstances so warrant.

Interaction Risk

- Different types of risks may interact unpredictably, particularly in times of market stress.

Basis risk

- For using the Products for position hedging, hedge against one single position e.g. covering loan cost or a bond, basis risk may arise from underlying reference rate difference between the swap and the instrument.
- For using the Products for portfolio hedging, hedge against a portfolio with several assets or loans, basis risk may arise from underlying reference rate difference between the swap and portfolio.

Potential Conflicts of Interest

- The Bank and its affiliates play a variety of roles in connection with the Products, including acting as counterparty and calculation agent and hedging its obligations under the Products. The Bank and/or its affiliates may also enter into, adjust and unwind transactions relating to the relevant interest rates, whether for its or its affiliates' proprietary accounts or for accounts under management or to facilitate transactions on behalf of other counterparties or otherwise. In carrying out these roles, the Bank's economic interests and those of its affiliates may be potentially against the investor's interests as the counterparty in the Products.

Bank's Hedging Activities May Affect Interest and Exchange Rates

- The Bank and/or its affiliates may enter into hedging transactions in the market to enable the Bank to fulfil its obligations under the Products. These hedging transactions typically involve contracts for the purchase and/or sale of the underlying interest rates and the establishment of long and/or short positions in the underlying interest rates which may be constantly adjusted. These hedging transactions or the unwinding or adjustment of the positions in the underlying interest rates shortly before the relevant determination dates under the Products may affect the relevant interest rates.

Specific Product Risks

- If the investor enters into the Products as a hedging transaction for a loan and a bond, the Products is a separate and independent transaction from the loan and bond. The terms of the Products are as defined herein and there may be mismatches with the corresponding terms of the underlying loan and bond.
- Where the investor is the seller of Interest Rate Floor, the investor is exposed to the risk of lower interest rates.
- During the tenor of the Products, the investor may be required to pay for the interest rate differential when the interest rate receivable is lower than the interest rate payable.

Unlimited Downside Risk

- For investor who enters into a short position of Interest Rate Cap or Interest Rate Floor should note that in extreme circumstances, the loss to the investor may be unlimited.

Mark-to-Market Risk

- The investor bears the downside risk of the mark-to-market ("MTM") value fluctuation of the Products. The investor needs to be aware the MTM value of the Products is determined by many market factors and is calculated in accordance with the internal valuation model of the Bank (which may be revised by the Bank from time to time). Hence, the value may be significantly different from the intrinsic value calculated by simple arithmetical method.
- The investor needs to be aware that the Product's price may deteriorate as a result of an increase in implied volatility. This could arise even if the underlying interest rates remain unchanged.
- The potential maximum loss will be the full amount of the Products, not just the amount the investor places as the initial margin.

Leveraging Risk

- The degree of leverage can work for as well as against the investor. Due to the leverage, a small movement in the market can lead to a major gain but any losses will also be magnified sharply. Leveraging may be by way of a loan, trading on a margin, or embedded within an instrument. The Bank's terms relating to top-up and close-out will apply and the investor may be required at short notice to provide additional margin failing which outstanding transactions may be closed out at a significant loss.

Margin Requirement Risk

- The Bank reserves the right to review and revise the margin requirement from time to time during the tenor of the Product, including demanding a 100% margin requirement. Upon such review, the investor may be subjected to a significantly higher margin requirement than that required at the point of transacting.

Margin Calls

- An investor who transacts the Products on margin may be subjected to margin calls if the Bank deems that the collateral placed with the Bank is insufficient to cover the total amount of the margin requirement and the MTM loss. This may arise as a result of various factors, including a deterioration of the MTM value of the Products, losses arising from closed out transactions or a higher margin requirement.
- Investors who plan to transact the Products on a margin basis or with the use of credit facility should be prepared to pay interest cost for the margin or credit facility and to meet margin calls which require the investor to make top-up payment to cover the full marked-to-market losses for the remaining tenor of the Products. Such payment can be substantial in poor market conditions and/or when the Products has a long remaining period.
- If market conditions are poor, the investor may be required at short notice to provide additional margin notwithstanding that his ability to make top-up payments may have worsened due to the significant fall in market value of other financial assets. Where the terms of any margin or credit facility arrangements permit the level of margin or interest to be raised at the discretion of the margin or credit facility provider, the investor may experience further liquidity pressure.
- Failure to meet any margin calls or interest payments may result in outstanding transactions being closed out without consent from the investor at significant losses and costs. The Bank may also realize such part or all of the collateral as the Bank deems necessary in accordance with the terms of the relevant security documents to satisfy the liabilities of the investor.
- The investor should note any margin or credit facility arrangements may be reduced or terminated in

accordance with the terms of such arrangements.

Past Performance

- Past performance of the underlying interest rates and/or underlying currency pair is not necessarily a guide to the future performance of the Products. The value of the Products can go down as well as up.

RMB Products related risk

Currency risk:

- Fluctuations in the exchange rate may adversely affect the investment return when the investors convert the proceeds to the original currency.
- RMB is currently not freely convertible and is subject to Mainland China's exchange controls and restrictions.
- Products will be subject to multiple currency conversion costs involved in making investments and liquidating investments or meeting other settling or operating expenses if the products are not denominated, or if the underlying investments are not denominated, in RMB.
- When calculating the payoff/ value of the RMB products, the offshore RMB (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB (the "CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

For RMB products that have long product tenors:

- Significant losses of principal may incur if investors redeem their investments before the maturity date or during the lock-up period (where applicable).

Investment alternatives that you may consider

Investment Alternative(s)	Bond	Interest Rate-Linked Investments
Product Description	Short dated debt instruments generally issued by governments, supranationals, financial institutions or corporations. They include Treasury Bills, Certificates of Deposits and Commercial Papers.	Interest rate-linked investments are structured products which are linked to a reference interest rate index, for example, Range Accrual Note.
Payoff	Receive the principal value of the bond upon maturity.	Earn a pre-defined coupon rate according to the change of the underlying index fixing. The payoff may differ according to the product structure.
Product Liquidity	Depending on market availability.	Secondary market for structured products may be limited or non-existent.
Worst Case Scenario	Total loss in principal amount.	Total loss in principal amount.

The content of this Product Booklet (including the product nature, description and risks) may not be applicable to all or any of the investment alternatives herein. So please obtain the Product Booklet(s) for the investment alternative(s) that you are interested in from your Relationship Manager and transact over that/those investment alternative(s) ***only after*** you have carefully read and fully understood the Product Booklet(s) for that/those investment alternative(s).