KEY FACT STATEMENT - STRUCTURE PRODUCTS

This Key Facts Statement provides you with important information about Structure Products. You will receive further information with the subscription form and a detailed Term Sheet. This document is being provided to you to understand the key features, terms, types and examples of underlying assets which can participate in a Structured Product.

SECTION 1: WHAT IS A STRUCTURE PRODUCT AND HOW DOES IT WORK?

A structured product is an investment product which combines a vanilla instrument (a deposit or note) with an embedded derivative on an underlying asset. Its return is linked to the performance of the underlying asset through the embedded derivative.

Structured product bridges between a regular note/deposit and direct investment in the underlying

It can be principal (or capital) protected (usually 100%) or non-principal (or non-capital) protected and the investor bears the credit risk of the bank as it is the bank's obligation.

SECTION 2: PRINCIPAL-PROTECTED VS. NON-PRINCIPAL-PROTECTED

Principal-Protected	**Non-Principal-Protected**
• Floor on loss at exit • Less Risk appetite • Less Exposure • Usually long vanilla product and long derivative Subject to credit risk	• No floor on loss at exit and principal is at risk • High risk appetite • High exposure (usually long vanilla product and short derivatives)

SECTION 3: KEY TERMS

Call provision	The issuer has the right to call the structured product back before its maturity, usually at par plus accrued interest (if any) - discretionary call: at the issuer's discretion - trigger or automatic call: called when some pre-determined conditions are met, "autocall" or "knock out" feature
Participation Rate	The percentage of a client's participation in the performance of the underlying price
Minimum Return	Structured to provide a minimum coupon/return of x% over the structured product's tenor (floor)
Maximum Return	Structured to provide a maximum coupon/return over the structured product's tenor (cap)
Tenure	It refers to the investment period for the structured products. It ranges from a few weeks to several years
Pre-Termination Facility	Available for investors to redeem structured products before maturity on periodic dates or even on a daily basis.

SECTION 4: KEY FACTORS AFFECTING VALUATION OF STRUCTURED PRODUCTS

Credit standing of issuer or guarantor

- Change in credit rating
- Change in credit spread

Interest rate movements

- Vanilla instrument
- Embedded derivative

Underlying asset price movements

- Direction
- Magnitude (volatility)

Others: Strike price, remaining time to expiration, cash outflows of underlying asset in remaining time to expiration, change in correlations among assets in underlying basket.

SECTION 5: SETTLEMENT AT MATURITY

Receive maturity proceeds including principal invested plus potential yield in cash (cash settlement). In some situations, the underlying asset may be delivered at maturity (physical delivery) (note: odd lot shares are typically.

SECTION 6: UNDERLYING ASSETS EXAMPLES

- Interest rate-linked: floaters, inverse floaters, with caps and/or floors, target redemption notes, daily range accruals, interest rate swaps.
- Equity-linked: bull, bear, daily range accruals, accumulators, decumulators (individual stocks, basket of stocks or stock indexes).
- Currency-linked: principal-protected, high premium, daily range accruals, accumulators (single currency or currency basket).
- Credit-linked: single credit, a basket of credits.
- Commodity-linked: single commodity, basket of commodities, commodity index.
- Fund-linked: mutual funds, exchange-traded funds, real estate investment trusts.
- Asset allocation: mix of underlying asset classes, CPPI, target volatility.

SECTION 7: FEE AND CHARGES

Any embedded spread as per the product term sheet or up to 4% total charge.

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