

## KNOW YOUR INVESTMENT RISK (KYIR)

### Bonds and Preferred Perpetuals

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**WARNING:** This investment is not a deposit. Do not invest in the preferred perpetual security 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 preferred perpetual security, you may clarify with the intermediary or seek independent professional advice. The investment decision is yours and you are advised to exercise caution in making any investment decision, including understanding the extent of your exposure to loss of your initial investment with regards to your financial situation, investment experience and investment objectives. This document contains a brief summary of some (and NOT ALL) of the preferred perpetual security features and risk disclosures and is not meant to be an exhaustive summary. You should refer to the relevant Product Documentation for complete details of the preferred perpetual security, including meanings of the capitalised terms not defined here. The terms of any transaction will be agreed with you through a discussion with an indicative term sheet, and recorded in a post-confirmation notice that Standard Chartered (operating through one of its branches or subsidiary entities) sends to you. The contents of this document have not been reviewed by any regulatory authority. The use of a particular term in relation to a preferred perpetual security by one issuer may not be exactly the same as the use of the same term by a different issuer even if the structure of preferred perpetual security in relation to which it is used may be similar or virtually identical. There may be seemingly minor differences in the definitions of such terms for different issuers which may result in significant differences in investment calculations and outcomes. As such, you should refer to the relevant Product Documentation for each issuer in order to ascertain the correct interpretation for such terms. If English is not your preferred language, please check with your Relationship Manager if this KYIR and other Product Documentation relating to this preferred perpetual security are available in your preferred language. Some Product Documentation is available only in English. If this is the case and you do not understand the contents of either this document or any other Product Documentation relating to this product, you should not invest in this preferred perpetual security. Any translations of Product Documentation are provided to you FOR REFERENCE ONLY, and where there is any inconsistency between a translation and the original English version, the ENGLISH VERSION WILL PREVAIL. Where your Relationship Manager provides you with a copy of a translation of any Product Documentation, please ensure that you also receive a copy of the original English version.

## KNOW YOUR INVESTMENT RISK (KYIR) – BONDS

### GENERAL RISKS OF INVESTING IN BONDS

**Credit Risk** - You should take note of the credit ratings of bond issuers. Issuers with credit ratings below BBB- (S&P & Fitch – IBCA) are of non-investment grade and have ratings that are speculative grade. If you own such bonds, you may face the risk of the issuer being unable to make interest or principal payments when due. In addition, changes in the ratings outlook or in the actual credit ratings of a bond might also impact its value. Please note that SCSB does not market non-investment grade bonds. If you wish to buy such bonds you do so entirely of your own volition on an execution-only basis and you acknowledge that SCSB has not advised you on such bonds nor determined if they are suitable for you.

**Interest Rate Risk** - Generally, when interest rates rise, bond prices may fall. This can negatively affect the value of your investment if you choose to sell before maturity.

**Liquidity Risk** - This is not a liquid instrument. You should be prepared to hold this bond until maturity. For amounts purchased smaller than its required minimum denomination (typically SGD250,000 for SGD denominated bonds and USD100,000 for USD denominated bonds), you may not be able to sell or transfer the bond at any time prior to maturity, until SCSB has sufficient orders to meet the minimum denomination. Bond prices are also dependent on a number of factors, including but not limited to the risks mentioned here.

**Term-To-Maturity** - This refers to the length of time to when the bond matures. You should note that the longer the term to maturity, the greater the risk of the bond.

**Foreign Exchange risk** - You should be aware that your investment value can be affected by foreign exchange risk if the bonds purchased are denominated in currencies other than in your base or natural currency.

**Call Risk** - Bonds with call features might be called by the issuer, exposing the investor to reinvestment risk

**Country Risk** - The country's political and economic environment, as well as changes to regulations may affect bond prices.

**Unsuccessful Book-Building** - If you place an order for a bond and your order size is smaller than its required minimum denomination, SCSB reserves the rights to cancel the purchase order if there are insufficient orders for the bond.

**Accrued Interest** - This is the portion of interest that is earned from the last coupon payment of the bond to the date you purchase/sell the bond from/to the open market. This amount of interest must be paid/received by you to/from the sellers/buyers of the bond, in addition to the market price.

**Coupon Frequency** - Coupon payments are made at regular intervals and may be quarterly, semi-annually or annually. The coupon reflected is usually quoted in annual terms. You should divide the coupon stated by the number of intervals to obtain the actual return received at each payment.

**Private Offering** - If you purchase the bond under a Private Offering arrangement, you will not be able to sell or transfer the bond for the first 2 years starting from date of purchase/subscription.

# Preferred Perpetual Securities

## Product Features

- A hybrid perpetual security which is subordinated to debt but senior to common shares. The security is often callable after a call protection period. Coupon payments can be deferred and may be non-cumulative. May be referred to as perpetuals (for financial institution issuers) and preference shares (for corporate issuers).
- This product has both debt and equity-like features:
  - Debt-like features:
    - Investors receive stated coupons/dividends, similar to bondholders, but subject always to the Issuer exercising its right to defer/not pay the coupons/dividends. Coupons/dividends are usually (but not always) fixed for a period of time and may be followed by a variable coupon.
    - The security provides limited price upside from movements in the Issuer's shares i.e. if the Issuer's share price rises, the price of the preferred perpetual securities may not rise or may not rise in the same proportion.
    - Preferred perpetual securities do not give investors any voting rights.
    - If the Issuer issues additional shares, preferred investors will not be diluted. Similar to debt, the face value remains the same. But you should note that unless a preferred perpetual security is called (where the terms allow), the value of the preferred perpetual security depends on the price which you can achieve on the secondary market and that price is affected by various factors.
  - Equity-like features:
    - Preferred perpetual securities are subordinated to debt.
    - They have no maturity date.
    - The securities form part of the Issuer's total equity.
    - Coupons/dividends can be deferred or unpaid (just like dividends on equity may not be declared). If unpaid, they can be non-cumulative. Failure to pay coupons/dividends does not lead to bankruptcy.
- This product is sensitive to changes in market interest rates, particularly since it is priced to perpetuity. Additionally, the prices of preferred perpetual securities are generally more volatile than those of traditional fixed income instruments (e.g. bonds) because (i) the coupons under preferred perpetual securities are typically not guaranteed and (ii) preferred perpetual securities are priced to perpetuity.
- The above only describe commonly found characteristics of preferred perpetual securities generally. Each preferred perpetual security is subject to the Issuer's terms which varies according to the specific Issuer and/or tranche, for example:
  - a preferred perpetual security may be callable at the option of the Issuer or upon the occurrence of certain events.
  - the Issuer may be entitled to defer the coupons/ dividends indefinitely without reason or may be required to satisfy certain conditions before it is entitled to defer such payment e.g. no payment or declaration of dividends in respect of lower ranked securities.
  - the Issuer may reserve the right to alternative methods of payment of coupons/ dividends e.g. by issuing shares or other alternative qualifying securities.
  - upon the occurrence of certain trigger events, the Issuer may be required to (i) cancel any accrued coupon that is owed

to you, (ii) convert the security into shares of the Issuer (or other qualifying securities) or (iii) permanently write down (in whole or in part) the principal amount. Such trigger events could include (a) a breach of any applicable capital adequacy ratio, (b) a declaration by the relevant regulatory authority that a write-off is necessary, without which the relevant Issuer would become non-viable, (c) a public injection of funds or equivalent support, without which the relevant Issuer would become non-viable or (d) a breach of any other quantitative threshold used to gauge the financial viability of the Issuer (e.g. if the relevant Issuer's Core Tier 1 Ratio or Common Equity Tier 1 Ratio falls below a certain level as at the date of its financial statements contained in a quarterly financial report).

***In the event that the preferred perpetual securities are terminated prior to their stated maturity date by the Issuer (allowed under the Product Documentation in certain circumstances), the Issuer may be entitled to factor in the costs of terminating related hedging and funding arrangements and other costs relating to the preferred perpetual securities when determining the early termination amount that is payable to you - this may result in an early termination amount that is substantially lower than the amount of your initial investment amount. Please refer to "Issuer Redemption/Call Risk" in the "Key Risks" section below for more information.***

***This document must be read together with the Product Documentation, which contains detailed information relating to the preferred perpetual securities (including the applicable definitions and terms and conditions).***

## Investor's profile

- Investors who wish to invest in a fixed income instrument with a relatively higher yield compared to senior debt. At the same time, investors who are willing to accept that:
  - investing in preferred perpetual securities bear higher risk than investing in debt. Preferred perpetual securities are subordinated to (i.e. rank lower than) debt and are senior only to (i.e. rank higher than) common shares. This means that investors in the preferred perpetual security will have a lower payment priority than investors of bonds and other senior fixed income instruments in the event of liquidation or bankruptcy of the Issuer;
  - the Issuer has a right to defer coupons/dividends. Failure of Issuer to pay coupons/dividends on preferred perpetual securities, unlike in the case of debt - does NOT force the company into bankruptcy. The Issuer does not have any contractual obligation to pay coupons/dividends and can elect to defer payments on preferred perpetual securities or not pay any coupons/dividends at all (i.e. non-cumulative);
  - preferred perpetual securities do not provide the benefits of common shares; and
  - it is possible to lose part or all of your initial investment amount if (a) certain events (e.g. a non-viability event) that lead to a write-down of some or all of the principal amount occur, (b) the value of the preferred perpetual security falls below your purchase price for any reason or (c) the Issuer defaults or becomes insolvent.

## Investor's view

- Expects the Issuer to generate sufficient cash flow to be able to pay the coupons/dividends as stated.
- Accepts that overall, the yield will be higher than the Issuer's debt instruments, due to the higher relative risk, but the risk will also be lower than that of the issuer's common equity.
- These preferred perpetual securities will NOT be a suitable investment for you if:
  - you are not comfortable with a deeply subordinated instrument;
  - you are not comfortable with a security that does not have a fixed maturity date;
  - you may need to liquidate your investment for short-term funding requirements;

- you do not want to risk any part of your initial investment amount;
  - you expect a guaranteed return; or
  - you are not willing to accept physical delivery of the shares of the Issuer (or any other qualifying securities) in the event that a trigger event occurs.
- These preferred perpetual securities may be a suitable investment for you if:
- you wish to receive relatively higher yields on your investment compared to senior debt but at the same time, accept that this investment is subordinated to debt and bears higher risk;
  - you are comfortable with the equity-like characteristics of this instrument and lack of certainty of coupon/ dividend payments;
  - you have sufficient liquidity and are able to accept that you may lose some or all of your initial investment amount in certain circumstances; and
  - (in the event that a trigger event occurs) you are willing to (i) accept physical delivery of shares of the Issuer (or any other qualifying securities) or (ii) receive a reduced principal amount (if any) if the Issuer elects to permanently write-down the principal amount of the preferred perpetual securities.

## How does it work?

### Purchase price

The initial price at which investors buy a preferred perpetual security is subject to market offer prices at the time of the transaction.

### Coupon/ dividends

Holders of the preferred perpetual security will be paid coupons/dividends periodically (usually quarterly or semi-annually) as stated in the Issuer's terms unless the Issuer chooses to defer coupon/dividend payments.

If the Issuer chooses to defer coupon/dividend payments, it may do so without providing any reason or it may have to satisfy certain conditions before such deferral. The deferred coupon/ dividend may be cumulative (meaning the amount deferred will be paid at the next coupon/ dividend payment date) or non-cumulative (meaning that the Issuer has no obligation to pay the amount deferred at any subsequent point of time).

### Conversion of preferred perpetual security into equity and write-down of principal amount

In certain cases, the terms of a preferred perpetual security may require the Issuer to, upon the occurrence of certain trigger events, (i) cancel any accrued coupon that is owed to the investors, (ii) convert the preferred perpetual security into shares of the Issuer (or other qualifying securities) or (iii) permanently write down (in whole or in part) the principal amount. Such trigger events could include (a) a breach of any applicable capital adequacy ratio, (b) a declaration by the relevant regulatory authority that a write-off is necessary, without which the relevant Issuer would become non-viable, (c) a public injection of funds or equivalent support, without which the relevant Issuer would become non-viable or (d) a breach of any other quantitative threshold used to gauge the financial viability of the Issuer (e.g. if the relevant Issuer's Core Tier 1 Ratio or Common Equity Tier 1 Ratio falls below a certain level as at the date of its financial statements contained in a quarterly financial report).

### Callable feature

This only applies to preferred perpetual securities with a callable feature. In those cases, only the Issuer has the right to call and redeem the preferred perpetual security. The investor will **never** have the right to call for redemption i.e. there is no other way for the investor to exit his investment except by sale on the secondary market.

The Issuer's decision to call may be influenced by several factors such as but not limited to:

- *Interest rates:* if market interest rates fall adequately, an Issuer may call the preferred perpetual security in order to refinance at lower rates.
- *Credit quality:* if an Issuer's credit quality improves adequately, it may be able to raise capital at lower rates (relative to the preferred perpetual security) and as such would want to redeem the preferred perpetual securities.
- *Capital position:* the Issuer may redeem the security if its capital position improves.
- *Regulatory environment:* an Issuer's redemption of preferred perpetual securities may be affected by regulatory changes.

### **Monetising the preferred perpetual security**

Because the security is a preferred perpetual security with no fixed maturity date, investors can monetise the investment only through one of two ways: (i) a sale in the secondary market or (ii) through redemption by the Issuer where the terms provide a callable feature.

You should note that generally, preferred perpetual securities are illiquid instruments and there may not be any active or liquid secondary trading market for such securities. This means that you may not be able to sell the preferred perpetual security at the expected time or price. For more information, please see "Liquidity Risk" in the "Key Risks" section below.

### **Factors affecting the prices of preferred perpetual securities in the secondary market**

In the secondary market, the price of a preferred perpetual security will be affected by the following factors (amongst others):

#### *Credit quality of Issuer*

- If the credit quality of an Issuer worsens materially, the price of its preferred perpetual security would likely deteriorate.
- If the credit quality of the Issuer improves materially, prices are likely to appreciate.

#### *Interest rates*

- Prices of fixed-rate preferred perpetual securities will generally fall if market interest rates rise.
- Prices are likely to rise if market interest rates fall.

#### *Liquidity conditions*

- When liquidity conditions worsen materially, prices of preferred perpetual securities are likely to fall and investors may not be able to sell the preferred perpetual security at the expected price.

#### *Currency of preferred perpetual security*

- If the preferred perpetual security is in a foreign currency and that currency depreciates relative to the investor's base currency, then the value of the preferred perpetual security (in base currency terms) would fall.
- The opposite is likely to happen if the currency of denomination appreciates.

## **Worst case scenario**

Because this preferred perpetual security is **NOT A DEPOSIT** and is not protected under any government or private protection or compensation scheme, you may not receive expected coupon payments (if any) and you may lose some or all of your initial investment amount if the Issuer and/or the Guarantor (where applicable) defaults on the preferred perpetual security or becomes insolvent. Additionally, the terms of a preferred perpetual security may require the Issuer to, upon the occurrence of certain trigger events, (i) cancel any accrued coupon that is owed to you, (ii) convert the preferred perpetual security into shares of the Issuer (or other qualifying securities) or (iii) permanently write down (in whole or in part) the principal amount.

## Scenario Analyses

Price of preferred perpetual security at time of purchase = USD100

Coupon rate = 8.125% p.a., assuming that there is no (i) deferral of coupon by the Issuer during the holding period, (ii) write-down of the principal amount or (iii) conversion of the preferred perpetual security into shares of the Issuer (or any other qualifying securities).

Issuer call rights = after the end of the second year.

<b>Scenario 1</b>	<ul style="list-style-type: none"> <li>▪ One year later, the investor sells the preferred perpetual security in the secondary market at a price of USD 90.00, incurring a loss of 10%* during the year - in terms of the cash price.</li> <li>▪ However, during the year, the investor also earns 8.125% from coupon payments.</li> <li>▪ Therefore, the investor makes a loss of approximately 1.8% p.a.</li> </ul>
<b>Scenario 2</b>	<ul style="list-style-type: none"> <li>▪ One year later, the investor sells the preferred perpetual security in the secondary market at a price of USD 95.00, incurring a loss of 5%* during the year - in terms of the cash price.</li> <li>▪ However, during the year, the investor also earns 8.125% from coupon payments.</li> <li>▪ Therefore, the investor's total holding-period return-on-investment is approximately 3.1% p.a.*</li> </ul>
<b>Scenario 3</b>	<ul style="list-style-type: none"> <li>▪ One year later, the investor sells the preferred perpetual security in the secondary market at a price of USD 100.00.</li> <li>▪ However, during the year, the investor also earns 8.125% from coupon payments.</li> <li>▪ Therefore, the investor's total holding-period return-on-investment is approximately 8.1% p.a.*</li> </ul>
<b>Scenario 4</b>	<ul style="list-style-type: none"> <li>▪ One year later, the investor sells the preferred perpetual security in the secondary market at a price of USD 105.00, realising a gain of 5%* during the year - in terms of the cash price.</li> <li>▪ However, during the year, the investor also earns 8.125% from coupon payments.</li> <li>▪ Therefore, the investor's total holding-period return-on-investment is approximately 13.1% p.a.*</li> </ul>
<b>Scenario 5</b>	<ul style="list-style-type: none"> <li>▪ Three years later, the Issuer notifies the Investor (according to the terms set out under the Product Documentation) that it is electing to early redeem the preferred perpetual security.</li> <li>▪ Depending on the specific terms set out in the Product Documentation, the Investor will usually receive the call price consisting of the principal amount invested together with any unpaid interest accrued up to the relevant redemption date.</li> </ul>

***\*This is strictly for illustration purposes only. The actual profit or shortfall (compared to your initial investment amount) is dependent on the market price of the relevant preferred perpetual security at the time of sale (amongst other factors) and it does not represent actual performance of any preferred perpetual security.***

*Any scenario analysis included in this document is illustrative and represents hypothetical outcomes only. Such scenario analyses do not represent (a) the actual terms on which a preferred perpetual security might be purchased or sold in the secondary market or (b) the calculation or estimate of an amount that would actually be payable under the terms of any preferred perpetual security. SCSB expressly disclaims any responsibility for (i) the accuracy of the models or estimates used in deriving the scenario analyses, (ii) any errors or omissions in computing or disseminating such scenario analyses, and (iii) any uses to which the scenario analyses are put. SCSB is not making any prediction of the actual performance of any preferred perpetual security or of future market conditions, rates, levels or prices by virtue of providing the scenario analyses.*

## Product Documentation and Trade Terms

The Issuer's prospectus containing the governing terms of the preferred perpetual security will be made available to you upon request.

Please note that the equivalent terms used in the relevant Product Documentation may differ from those used in this document.

## Fees and Charges

Standard Chartered Securities (B) Sdn Bhd (“**SCSB**”) either makes trading revenue from the position or takes a spread from the sale of the preferred perpetual securities to you.

## Key Risks

<p><b>The risk profile of this preferred perpetual security may change through its tenor. The risks listed below are representative of the key risks. However, this document and the Product Documentation cannot disclose all possible risks relating to the preferred perpetual security.</b></p>	
<b>Market Risk</b>	The value of the preferred perpetual security is based on various market factors such as the level of interest rates, Issuer's and Guarantor (where applicable)'s credit quality, foreign exchange rates, and liquidity. Preferred perpetual securities are volatile instruments and may be subject to considerable fluctuations in value and other inherent risks associated with financial markets relevant to the Issuer. The value of the preferred perpetual security may fall as rapidly as it may rise. Past performance is not a reliable indicator of future performance.
<b>Reference Asset Risk</b>	The payments you receive in relation to the preferred perpetual security are dependent on the performance of the preferred perpetual security during the investment period and/or on certain valuation date(s), so it is important that the preferred perpetual security is capable of being properly valued. Accordingly, when proper valuation of the preferred perpetual security is prevented, the valuation date(s) may be postponed to a subsequent day(s). Finally, there is no assurance that the performance of the preferred perpetual security will be at the desired levels in order to produce your intended returns.
<b>Emerging Market Risk</b>	Where the Issuers of preferred perpetual securities are based in developing or emerging markets, investment in a preferred perpetual security may involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including those relating to private ownership of assets, expropriation, nationalisation and confiscation.
<b>Principal at Risk</b>	Preferred perpetual securities are not principal protected and your principal is at risk. You may lose some or all of your initial investment amount. There is no assurance from SCSB (or otherwise) that you will receive repayment of the initial investment amount through an Issuer's exercise of its early redemption rights (callable security) or a sale on the secondary market. In fact, you are exposed to the full downside risk if the Issuer defaults or if price of a preferred perpetual security falls.
<b>Under-performance risk</b>	There is no assurance from SCSB (or otherwise) that the return on the preferred perpetual security will be equal to or greater than any potential return, including dividend income, that you may have earned on a direct investment in the underlying shares or a bank deposit or non-structured fixed coupon bond.
<b>Credit Risk</b>	You assume the full credit risk of the Issuer and the Guarantor (where applicable). The preferred perpetual security constitutes subordinated obligations of the Issuer and (where applicable) are unconditionally and irrevocably guaranteed by the Guarantor. This means that you are relying on the Issuer and the Guarantor (where applicable) to meet its/their payment obligations under the preferred perpetual security. Should the Issuer and/or the Guarantor (where applicable) become insolvent or default on its/their obligations (including payment obligations) or fail in any other way, you may not receive any payments due to you under the terms of the preferred perpetual security, including your initial investment amount. A credit rating is not a recommendation or assurance as to the Issuer's and/or the Guarantor's (where applicable) creditworthiness or the risks, returns or suitability of the preferred perpetual security. In addition, you should be aware that the credit rating of the Issuer could differ significantly from the credit rating of the Guarantor and the two credit ratings should not be confused.



<b>Deferral of coupon/dividend</b>	<p>The Issuer may elect to defer any payment of coupon/dividend for a period of time. Such deferral may be cumulative or non-cumulative depending on the terms of the specific preferred perpetual security. If the deferral is non-cumulative, this means that you will not be entitled to the unpaid coupon/dividend at any subsequent point in time. You run the risk that you may not get any returns on your investment. If the deferral is cumulative, this means that the Issuer will pay the deferred amount at a later payment date.</p> <p><b>Please refer to the relevant Product Documentation for more detail on what events may lead to a deferral and the terms that would apply in such circumstances.</b></p>
<b>Events Adjustment Risk</b>	<p>The Issuer or Calculation Agent (where applicable) has certain rights to exercise its own discretion to make adjustments to the terms of the preferred perpetual security where it determines that certain adjustment or extraordinary events have occurred (e.g. market disruption, trading suspension, regulation in the relevant industries, insolvency, changes in taxation law and other economic, political or social conditions) and the exercise of such rights may have an unforeseen adverse impact on the payments you receive in relation to the preferred perpetual security.</p>
<b>Liquidity Risk</b>	<p>Many preferred perpetual securities are illiquid and are not designed to be short-term trading instruments. For preferred perpetual securities where there are no active or liquid secondary trading market, you must be prepared to hold these securities perpetually or until the Issuer chooses to repurchase them. This means that investors may not be able to sell or terminate the preferred perpetual security at the expected time or price.</p>
<b>Issuer Redemption/ Call Risk</b>	<p>The Issuer <b>may</b> give notice to redeem the preferred perpetual security provided the terms under the Product Documentation of the particular preferred perpetual security contain a callable feature but the Issuer is under no obligation to do so. Redemption is at the sole and absolute discretion of the Issuer. If a callable feature is structured into the preferred perpetual security, the Product Documentation will state a call price payable in such an event. That call proceeds may be substantially below the amount of your initial investment amount.</p>
<b>Reinvestment Risk</b>	<p>Where the preferred perpetual security is terminated for whatever reason, including being called and redeemed at the option of the Issuer, you may not be able to reinvest the amounts received at the same rate or for the same return at that point in time.</p>
<b>Exchange Rate Risk</b>	<p>Where the preferred perpetual security is denominated in a non-local currency, you face the risk of exchange rate fluctuations and controls (where applicable) that may (i) affect the applicable exchange rate and result in the receipt of reduced coupon(s), cash settlement amounts and/or a loss of principal when converted to your local currency and (ii) make it impossible or impracticable for the Issuer to pay you in the original settlement currency.</p>
<b>Conflicts of interest</b>	<p>You should understand and accept the identities of the parties and the roles they play in relation to the preferred perpetual security as disclosed in the Product Documentation. For example, the Issuer (and, where applicable, the Guarantor) and its affiliates may play a variety of roles including acting as Calculation Agent. These parties have various discretionary powers (for example, the power to terminate or adjust terms of the preferred perpetual security in certain circumstances) which may have a material impact on the value and performance of the preferred perpetual security. In performing these duties, the economic interests of the Issuer (and, where applicable, the Guarantor) and its affiliates are potentially adverse to your interests as an investor in the preferred perpetual security.</p> <p>SCSB may have banking or other commercial relationships with the issuer or other parties involved in the issue of the preferred perpetual security and may from time to time engage in transactions involving the preferred perpetual security or related securities (or derivatives or other products linked to the preferred perpetual security or related securities) for their proprietary and other accounts. Such trading may influence the value of the preferred perpetual security or related securities and therefore the value of the preferred perpetual security in a manner that is potentially adverse to your interests as an investor in the preferred perpetual security.</p>

<b>Interest Rate Risk</b>	The market value of the preferred perpetual security is exposed to the movement of interest rates during the tenor of the preferred perpetual security and whenever it is terminated or sold prior to maturity. As interest rates move upwards, the value of the preferred perpetual security will generally fall. Moreover, the longer the tenor of the preferred perpetual security, the more sensitive it will be to interest rate changes.
<b>Tax Risk</b>	SCSB recommends that you take independent tax advice before committing to purchase this preferred perpetual security. SCSB does not provide tax advice and therefore you have full responsibility for any tax implication of investing in this product. Any tax treatment depends on your individual circumstances and may be subject to change in the future.
<b>Settlement Risk</b>	Cash settlement amounts will only be passed on to you after SCSB has received cleared funds from the Issuer. This may result in payment or delivery to you only after the stated payment date(s) and in the event that the Issuer fails to make such payments to SCSB, you risk losing all or part of your initial investment amount. Due to the fact that payments of cash settlement amounts may be processed by clearing system(s), custodians and other third parties across different time zones, any payment may not be immediately available on the relevant dates during local business hours.
<b>Leverage Risk</b>	If you have used leverage in the purchase of the preferred perpetual security or if there is leverage embedded in the terms and conditions of the preferred perpetual security, your risk increases significantly. A relatively small market or Reference Asset movement will have a significantly larger impact on the preferred perpetual security and your initial investment amount. This may work for you as well as against you.

## Disclaimers

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In Singapore, this document and the Product Documentation have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, or (ii) a relevant person pursuant to Section 275 of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

In the event where the product is subscribed for or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

then the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferred within six months after that corporation or that trust has acquired the product pursuant to an offer made under Section 275 except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

The product specified here is not a deposit and does not qualify as an insured deposit under the Singapore Deposit Insurance and Policy Owners' Protection Schemes Act 2011.

For investments in preferred perpetual securities, Standard Chartered Bank or (as the case may be) Standard Chartered Bank (Singapore) Limited acts as principal unless otherwise stated. The (i) principal place of business of Standard Chartered Bank in Singapore and (ii) registered address of Standard Chartered Bank (Singapore) Limited is 8 Marina Boulevard, #27-01, Marina Bay Financial Centre Tower 1, Singapore 018981.

For Singapore advised investors and Singapore booked investors: At Standard Chartered Bank or (as the case may be) Standard Chartered Bank (Singapore) Limited, we aim to provide excellent customer service. Should you require any assistance, please contact us at our 24 hour customer service hotline: 1800 747 7000. If you have any issue with any product that you have purchased from us, or are dissatisfied with the way in which we have handled your complaint in relation to your purchase of the product, you can approach the Financial Industry Dispute Resolution Centre ("FIDReC") for an independent review and resolution of your complaint. For more information on FIDReC, please visit their website at [www.fidrec.com.sg](http://www.fidrec.com.sg).

**In Brunei:**

In Brunei, this document is issued by Standard Chartered Securities (B) Sdn Bhd ("SCSB"), a licensed and regulated bank under Brunei Darussalam's Authoriti Monetari Brunei Darussalam ("AMBD").

This KYIR is not a prospectus and no action has or will be taken in Brunei Darussalam to permit a public offering; neither has it been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. This document is for discussion purposes only and does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration.

## SAFE CUSTODY ADMINISTRATIVE CHARGES FOR FIXED INCOME SECURITIES

An administrative fee of 0.08% p.a. will be charged for the safe custody of fixed income securities (the "Securities") purchased from and custodied with Standard Chartered Securities (B) Sdn Bhd.

### The fee will be charged monthly.

This administrative fee of **0.08% p.a.** of the nominal value of the Securities will be charged monthly in arrears based on previous month end Securities holding balance and is capped at a maximum of \$200 per month in the respective currencies of the Securities. The fee will be collected on or before 30<sup>th</sup> of the month.

The fee shall be deducted from your coupon paying account with us in the same currency as your Securities. If you do not have a transactional account in the required foreign currency at the time of fee collection, we reserve the right to collect the fees from any of your accounts with us and the conversion will be based on prevailing exchange rates on that day. Please ensure you have sufficient balances in your account.

Below is an illustration on the Safe Custody Administrative Fee calculation based on a customer holding 5 bonds with us in 3 different currencies.

No. of Bonds held with the Bank	Bond securities in respective currencies as at previous month end		
	AUD	SGD	USD
Bond 1	\$1,500,000		
Bond 2	\$2,000,000		
Bond 3		\$250,000	
Bond 4		\$250,000	
Bond 5			\$100,000
<b>Total</b>	<b>\$3,500,000</b>	<b>\$500,000</b>	<b>\$100,000</b>
<b>Monthly Custodian fee</b>	$0.08\% \times 3,500,000 / 12$ = \$233.33 but capped at <b>\$200</b>	$0.08\% \times 500,000 / 12$ = <b>\$33.33</b>	$0.08\% \times 100,000 / 12$ = <b>\$6.66</b>

The monthly custodian fees for this customer's bond holdings shall be:

- AUD200.00 for his AUD dominated bonds, to be debited from his AUD coupon paying account
- SGD33.33 for his SGD dominated bonds, to be debited from his SGD coupon paying account
- USD6.66 for his USD dominated bond, to be debited from his USD coupon paying account

## CUSTOMER'S DECLARATION

I acknowledge and understand that this document contains a brief summary of some (and not all) of the product terms, features and risk disclosures and is not meant to be an exhaustive summary. I have read and understood the Customer Terms, Current/Cheque/Saving Account and Time Deposit Terms, Investment Product Terms and the Risk Disclosure Statement applicable to this Investment. I understand that I should seek independent legal and / or financial advice regarding the product, if I deem it necessary. I also confirm that I have received, read, and understood the term sheet(s) and / or fact sheet(s) of the abovementioned investment.

<b>Investment Account Number :</b> _____	
<b>Signature of Customer #1</b>	<b>Signature of Customer #2</b>
Name: _____ Date: _____	Name: _____ Date: _____
IC No: _____	IC No: _____
<b>Signature of Customer #3</b>	<b>Signature of Customer #4</b>
Name: _____ Date: _____	Name: _____ Date: _____
IC No: _____	IC No: _____
<b>For SCSB's Use Only</b>	
Attended by:	Checked/Signature Verified by:
Sales Staff Name, Signature and Date	Checker Name, Signature and Date