Fixed Income Securities

PRODUCT SUMMARY PAGE

Distributor	CTBC Bank Co., Ltd., Singapore branch ("CTBC" or the "Bank") CTBC Bank Co., Ltd., Singapore branch is a licensed bank regulated by the Monetary Authority of Singapore. CTBC Bank Co., Ltd., Hong Kong branch ("CTBC" or the "Bank") CTBC Bank Co., Ltd., Hong Kong branch is a licensed bank regulated by the Hong Kong Monetary Authority and an institution registered under the Securities and Futures Ordinance of Hong Kong to carry out Types 1 and 4 regulated activities.
Product Description	Fixed income securities include short-term debt securities, government bonds, agency bonds, municipal bonds, corporate bonds, perpetual bonds, convertible bonds, synthetic (dual currency) bonds and securities issued by banks with loss absorption features, as well as preferred shares. A bond is an interest bearing or a discounted debt security that obligates the issuer to pay the bondholder a specified interest amount, usually on a fixed schedule, and to repay the principal amount at maturity. These payments are subject to the creditworthiness of the issuer. Bonds are generally not exchange traded. They are issued in a primary market either through an underwriting process or a private placement, and traded (over-the-counter) after issuance. Primary issuance is managed by bookrunners who have direct contact with investors and act as advisors to the bond issuer in terms of timing and price of the bond issue.
Product Features	
Investment Grade vs. Non-Investment Grade (High Yield)	Major rating agencies (i.e. Standard & Poor's, Moody's, and Fitch) often rate bonds based on their credit assessment of the issuer. Bonds can be grouped into two broad categories, investment grade and non-investment grade (also known as high yield). Investment grade bonds are considered to have lower default risk while non-investment grade bonds tend to carry higher risk and hence will carry a higher yield (risk premium). Investment grade bonds are rated BBB- or better.
Secured vs. Unsecured	Secured bonds are backed by collateral. In the event of default, secured bondholders will be paid first before unsecured bondholders.
Senior vs. Subordinated (Junior)	Senior bonds have a superior claim on the issuer's assets or earnings before junior bonds. Subordinated bonds are given lower priority than other classes of bonds for repayment of debt in the event of default but are repaid before the stockholders.
Guaranteed vs. Unguaranteed	A guaranteed bond has their interest and principal guaranteed by a third party such as a government or other corporate. A guaranteed bond is under protection of the guarantor in case the issuer defaults. As such, a guaranteed bond is subject to lower risk and generally carries a lower coupon rate than unguaranteed bonds.

Callable and Putable	The issuer of a callable corporate bond has the right to redeem the bond on a set of dates prior to maturity, paying back the bondholder either par value or an agreed percentage of par value. The call schedule lists the precise call dates of when an issuer may choose to pay back the call price. With a putable security, the bondholder has the right to put the bond back to the issuer at a set date or a trigger event prior to maturity.
Tailor-made vs. Non tailor-made	A tailor-made bond is when the issuance is not made through a competitive bidding/auction process.
Types of Coupon	
Fixed rate coupon	Fixed rate has a fixed coupon throughout the bond's life.
Floating rate coupon	The coupon on a floating-rate bond (sometimes referred to as Floating rate Note, or FRN) is specified as a spread over a pre-determined benchmark. This benchmark is a published rate such as LIBOR, base rate or the yield on a Government bond. The rate reset can occur multiple times per year and usually coincides with a coupon payment.
Variable- and adjustable- rate coupon	Variable- and adjustable-rate bonds are similar to floating-rate bonds, except that coupons are tied to a long-term interest rate benchmark and are typically only reset annually. Some bonds combine fixed coupons for an initial period, followed by variable coupons.
Zero-Coupon	Zero coupon bonds (also known as discount bonds) pay no interest and are bought at a price below the par value. The par value is repaid on maturity date and the difference between the initial price and the par value is equivalent to the coupon amount. Short term government paper (tenors of 1 year or less), such as US Treasury bills are often issued in this manner.
Product Risk	
Market risk	While the price of high quality bonds tends to rise as interest rates fall, high yield bonds are sensitive to the strength of the economic cycle and can potentially fall when interest rates are falling. In addition, bonds can experience greater volatility due to increased political, regulatory, market, or economic risks. Bonds with lower ratings also tend to have greater price volatility and these risks are usually more pronounced in emerging markets, which may be subject to greater uncertainties.
Credit risk	The primary risk for all bondholders is credit risk and the possibility of default. This risk increases as credit quality decreases. Changes in credit rating can also affect prices especially when rating are downgraded by the rating agencies.
Liquidity risk	Bond prices can be subject to wide bid/ask spreads, infrequent updates, and large differences between published and dealing prices. Liquidity risk is greater for thinly traded securities such as lower rated bonds, unrated bonds, bonds that have recently had their credit rating downgraded, bonds with a small issue size and bonds issued by an infrequent issuer.
Call risk	Bonds can have a call provision entitling the issuers to redeem at a specified price and on specified dates prior to maturity. In general, the return of principal is not considered a major risk, though declining interest rates may accelerate the redemption of a callable bond, causing investors to be exposed to reinvestment risk. All callable bonds have a fixed schedule of call dates and yields can be calculated to these dates.

Interest rate risk	Bonds are sensitive to fluctuations in interest rates. As interest rates rise, prices will typically decline. The longer a bond's maturity, the greater the impact a change in interest rates can have on its price. Bonds are priced against the yield curve and therefore unexpected changes in rates have greater impact on prices than interest rate changes that are already priced in. The narrower the credit spread, the greater the sensitivity to interest rates.
Inflation risk	Bonds are subject to inflation risk. Inflation may diminish the purchasing power from a bond's interest and principal. Inflation-indexed securities such as Treasury Inflation Protection Securities (TIPS) are structured to mitigate the inflation risk.
Event risk	A bond's payments are dependent on the issuer's ability to generate cash flow. Unforeseen events could impact their ability to meet those commitments. In general, the risk applies more to corporate bonds.
Additional risks of specific bonds	
Non-investment grade bonds	Non-investment grade bonds are subject to greater market, liquidity, and credit risks than investment grade bonds as bid-offer spreads may be wider and liquidity may be thinner.
Unrated bonds	These are bonds which are not rated by the rating agencies. Unrated bonds are subject to greater market and liquidity risks than rated bonds as bid-offer spreads may be wider and liquidity may be thinner. In addition, any deterioration in credit quality cannot be tracked easily.
Convertible bonds	A convertible bond can be converted into a predetermined amount of the underlying company's equity at certain times during the bond's life, usually at the discretion of the bondholder. These bonds are subject to higher market and liquidity risks as bid-offer spreads may be wider and liquidity may be thinner due to limited market makers and investor base.
Perpetual bonds/ Preference shares	Perpetual bonds have no maturity and the issuer is not required to redeem them. Perpetual bonds are riskier than regular debt instruments due to the very long maturity and possibility of deferral of coupon payment. Preference shares rank below all bondholders and are more sensitive to movements in the underlying equity of the issuer than to interest rates.
Subordinated bonds	Subordinated bonds rank below senior creditors in claims on assets and earnings, when the bond issuer is in default. In such default case, the bondholder may lose a significant proportion of their investment amount.
Loss absorption feature	Securities which have loss-absorption features (applicable to all loss absorption bonds) are designed to protect the issuer's capital base at the expense of bondholders. They can be partially or wholly written down or converted into equity on a going concern basis at the option of the issuer at a pre-defined (usually capital) threshold or the issuer's regulators. Their write-down and/or conversion to equities are mandatorily triggered if certain conditions are met. Should their write-down and/or conversion to equity get triggered, the investor may get lesser or no coupon payments. The Basel-III Accord was set up in January 2011 to regulate international banks on capital adequacy and liquidity after the global financial crisis. Basel-III regulations will be implemented by 31 March 2019. These regulations are introduced to strengthen regulation, supervision and risk management of the banking sector. At the bank level, these rules will help increase the bank's liquidity and decrease the bank's leverage.

	Please refer to the Appendix for all other information regarding to the Loss absorption bond.
Investor Profile	The target investors are clients who are either (i) “professional investors“ as defined under the Securities and Futures Ordinance, Hong Kong; and/or (ii) “accredited investors” as defined under the Securities and Futures Act, Singapore.
Investor Commitment and Risk Tolerance	You must understand and accept that there is a possibility that you may lose some or all of your original investment amount. In a worst case scenario, the issuer may default on or prior to maturity and as a result, you may lose your entire investment amount. You must understand and accept that there is a possibility that for some coupon periods you may not earn any interest at all. You should only invest in the Bonds if you are able to commit your funds for the full investment period. However, you also accept that there is a possibility that your investment may be called before maturity in line with any early call conditions. You must be able to accept the risks outlined in this document as well as the Issuer’s offering documents.
Risk Disclosure	For a full description of all relevant risks, please refer to the relevant Issuer’s Offering and Product Documentation, wherever applicable.

Appendix:
Contingent Convertible Bonds or Contingent Capital Securities
(“Loss Absorption Bond”)

Reference Entity(s)	In these loss absorption bonds, performance will be directly based on the creditworthiness and/or capital base of an issuer.
Product description	This product is a Contingent Convertible Bond or Contingent Capital Securities (loss absorption bond) as described below. Loss absorption bonds are capital securities with bond-like features. They may be issued by banks or non-bank financial institutions. They are part of the issuer’s capital structure and they will be subordinated to depositors, general creditors and senior unsecured debt/bond respectively. They can be issued under the issuer’s Tier 2 or Tier 1 capital structure and can be issued as a fixed maturity or perpetual bond. All loss absorption bonds have loss-absorption features and they are designed to protect the issuer’s capital base at the expense of bondholders. Loss absorption bonds can be partially or wholly written down or converted into equity on a going concern basis at the option of the issuer or the regulator at a pre-defined threshold. Their write-down and/or conversion to equities are mandatorily triggered if certain conditions are met. These conditions could be Tier1 Capital Adequacy Ratio falling below a specific level or Point of Non-viability (PONV) being issued by a relevant authority.

	Differences between a Tier 2 and Tier 1 Capital Security <table><tr><th></th><th>Tier 2</th><th>Tier 1</th></tr><tr><td>**Issue rating**</td><td>Higher rating as it sits higher in the capital structure</td><td>Lower or no rating</td></tr><tr><td>**Coupon payment**</td><td>Mandatory</td><td>Cancellable and non-cumulative</td></tr><tr><td>**Others**</td><td>Can be part of a benchmark index and enjoy a bigger investor base</td><td>Excluded</td></tr></table> **Basel-III Accord** The Basel-III Accord was set up in January 2011 to regulate international banks on capital adequacy and liquidity after the global financial crisis. Basel-III regulations will be implemented by 31 March 2019. These regulations are introduced to strengthen regulation, supervision and risk management of the banking sector. At the bank level, these rules will help increase the bank's liquidity and decrease the bank's leverage. It stipulates that a bank must have a Tier 1 CAR of at least 7% and the minimum non- viability rate is set at 4.5%.
Product risks	**You may lose your entire Principal Investment Amount:** The Loss absorption bond will be mandatorily written down and/or converted into equity if certain conditions are met. These conditions could be the Tier 1 Capital Adequacy Ratio (CAR) falling below a specified level (usually 5% or 7%) or a Point of Non-viability call (PONV) being issued by a relevant authority. In the event when a loss absorption bond is converted into equity, the current market price will most likely be lower than the pre-specified conversion price. In the event of a write-down, the loss absorption bond will be rendered junior to the shares. In the worst case scenario, you may lose your entire investment amount. **Risk that the Issuer is unable to pay you back your money/coupon:** Creditworthiness of Issuer: the loss absorption bonds constitute part of the issuer's capital structure and of no other person. If the issuer becomes insolvent or defaults on its obligations, your rights will be subordinated to depositors, general creditors and senior unsecured debt/bond respectively. Coupon payment in Tier 2 bond is mandatory. A missed coupon payment is a credit event (default). Coupon payment in Tier 1 perpetual is cancellable and non-cumulative. **You may not receive the intended yield:** As loss absorption bonds are designed with loss-absorption features to protect the capital base of the issuer, should their write-down and/or conversion to equity get triggered, the investor may get lesser or no coupon payments. **Do not invest if you do not understand or accept the risks:** You must be able to accept the risks and terms outlined in the Offering Prospectus or other Product Documentation.

Important Notice and General Disclaimers

1. This document is for your information and illustrative purposes only and it is NOT intended to set forth the definitive terms of any transactions in the Bonds. This document does not have regard to your specific investment objectives, financial situation or particular needs. The contents of this document have not been reviewed by any regulatory authority in Hong Kong, Singapore or any other jurisdiction. You are advised to exercise caution in relation to this document.
2. You must be willing to accept that there is a risk that you may not receive any of the variable interest payments.
3. You must manage your own financial circumstances, among others by having sufficient emergency funds and ensuring there is no excessive concentration of invested portion of your net investable assets are invested in any single investment.
4. Unless CTBC specifically solicited or advised you to acquire the Bonds, you should carefully consider whether these Bonds are suitable for your needs before making an investment decision.
5. The final terms and conditions of your investment in the Bonds will be set out in the trade confirmation which CTBC will issue to you.
6. CTBC does not guarantee the accuracy or completeness of any information contained herein or any information provided by the issuer. All of the information here may change at any time without notice.
7. CTBC may act as principal or distributor in similar transactions or in transactions with respect to the instruments underlying the transaction. CTBC cannot guarantee that conflicts of interest will not arise, but it will disclose any such potential or actual conflicts of interest to you and will take reasonable measures to avoid or limit such conflicts of interest, if any.
8. Investments involve risks. Past performance figures, predictions or projections are not necessarily indicative of future or likely performance. Actual performance may differ from the projections in this document. This document does not and is not intended to predict actual results and no assurances whatsoever are given with respect thereto. This document also does not present all possible outcomes nor takes into consideration all factors that may affect or influence the transaction.
9. Any scenario analysis is provided for illustrative purpose only and is no indication as to future performance and it does not reflect a complete analysis of all possible scenarios that may arise under an actual transaction. All opinions and estimates given in the scenarios are illustrative and do not represent actual transactions.
10. This document does not identify all the risks or material considerations that may be associated with you entering into the transaction and the transaction period you wish to consider. Before entering into any transaction, you should independently assess (together with your independent professional advisers where appropriate), the specific risks relating to the transaction or product, for example, the economic risks and merits as well as the legal tax and accounting aspects and consequences of the transaction and that you are able to fully assume such risks. You should not rely on the representations, recommendations or advice given by CTBC or any of its representatives or affiliates with respect to the transaction.
11. This document is based on CTBC's understanding that you have inter alia sufficient knowledge, experience and access to professional advice to make your own evaluation and choices of the merits and risks of such investments and you are not relying on CTBC or any of our representatives or affiliates for information, advice or recommendations of any sort whatsoever.
12. Until such time as you appoint CTBC, CTBC is not acting in the capacity of your financial adviser or fiduciary.
13. You should have determined without relying on CTBC or any of our representatives or affiliates for information, advice or recommendations of any sort whatsoever, the economic risks and merits as well as the legal tax and accounting aspects and consequences of the transaction and that you are able to fully assume such risks.
14. CTBC accepts no responsibility or liability whatsoever for any loss of whatsoever nature suffered by you arising from the use of this document or reliance on the information contained herein.
15. CTBC may have agreements or arrangements with product providers pursuant to which CTBC may receive fees or commissions from product providers or their affiliates. You acknowledge that CTBC may receive and keep such fees, and that such fees will not be passed on to you.
16. This investment is not intended for distribution to U.S. citizens.
17. The information in this document must not be reproduced or shared without CTBC's written agreement.

18. As the official version of the document, the English version shall always prevail in case of any discrepancy or inconsistency between English version and the Chinese translation.

Selling Restriction

19. No action has been taken or will be taken by the issuer that would permit a public offering of the Bonds or distribution of any offering material in relation to the Bonds to the public in any jurisdiction. No offers, sales or deliveries of any Bonds, or distribution of any offering material relating to the Bonds, may be made in or from any jurisdiction except in circumstances that comply with all applicable laws and regulations.

Hong Kong Selling Restriction

20. This document and its contents are not intended and shall not in any way be construed as an offer or solicitation to the public in Hong Kong for the purchase or sale of any securities, regulated investment agreement or collective investment scheme. This document has not and will not be registered as a prospectus in Hong Kong or authorized by the Hong Kong Securities and Futures Commission under the Hong Kong Securities and Futures Ordinance nor has its content been reviewed by any regulatory authority in Hong Kong. Accordingly, unless permitted by the securities laws of Hong Kong, (i) in the case of the product being a share or debenture of a company, no person may issue this document in Hong Kong or cause this document to be issued in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or unless in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) in other cases, no person may issue or have in its possession for the purposes of issue, this document, or any advertisement, invitation or document relating to any securities, regulated investment agreement or collective investment scheme, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong, other than with respect to securities, regulated investment agreement or collective investment scheme which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder. If an investor is in any doubt about any of the contents of this document, the investor should obtain independent professional advice.

Singapore Selling Restriction

21. This document and related documents may not be distributed or circulated to, and the investment(s) mentioned herein may not be offered or sold or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public in Singapore other than (i) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275 of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

    Where the products are subscribed or purchased under Section 275 of the SFA 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, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the products 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 as defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

    This document is prepared and distributed by CTBC Bank Co., Ltd. acting through its Singapore branch for the conduct of its business in Singapore. CTBC Bank Co., Ltd., Singapore Branch is a wholesale bank licensed under the Singapore Banking Act (Cap. 19), an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110), exempted from holding a capital markets services licence under the Singapore Securities and Futures Act (Cap. 289) and regulated by the Monetary Authority of Singapore.

Tax Treatment

22. CTBC does not provide any tax advice for investment products. Tax treatment depends on the individual circumstances of each client and clients must therefore seek their own tax advice.

Acknowledgement and Agreement

- I/We acknowledge that I/we have read and understood the information contained in all pages of this document.
- I/We understand with the risks relating to the Bonds set out in this document and the issuer's term sheet and the issuer's documentation, including the base and supplementary prospectus (and any other issuer's documentation, if any) and the indicative and final term sheet for the Bonds (the "Product Documentation"). The Bank will provide the Product Documentation to me to facilitate my/our understanding of the Bonds, including the risk factors. I/We accept the consequences of my/our decision to acquire the Bonds. Specifically, I/we understand and acknowledge that the Bonds are not principal protected and I/we may incur a loss which may be substantial or even lost of the entire principal amount. I/We further acknowledge CTBC has no responsibility in respect of the performance of investments recommended by it. Past performance is no indicator of future performance. No representative or agent of the Bank is authorised, now or in the future, to provide any assurances or guarantees orally or in writing.
- Upon signing the relevant Product Documentation, I/we are aware that I/we may enter into further transactions relating to the Bonds and if I/we do so, I/we am/are aware that I/we may not be entitled to redeem the Note prior to the maturity date without CTBC's prior consent (which, if granted, may be subject to such conditions and terms as CTBC may require). CTBC may at its absolute discretion refuse to give such consent. If CTBC gives its consent, it may impose conditions including but not limited to deducting such amount of breakage costs from the redemption proceeds as CTBC may determine conclusively acting in good faith. Such breakage costs shall include the costs, expenses, liabilities or losses incurred or suffered by CTBC as a consequence of breaking its hedge or cost of funding from other sources in respect of the Bonds. Therefore, the total amount that you may receive on an early redemption of the Bonds may be less than the principal amount.
- I/We confirm that any future investments will mean my/our agreement to the terms and conditions as outlined in this document, any other issuer documentation if applicable (to be provided upon your request), and Indicative and Final Document for Participation Bonds.
- I/We confirm that by acquiring the Bonds, we will be bound by the terms and conditions set out in the Product Documentation.
- CTBC's General Terms and Conditions including without limitation General Terms, Terms and Conditions specific to Securities Trading, Terms and Conditions specific to Options Contract, Terms and Conditions specific to Safekeeping and Administration of the Client's Assets, Risks Disclosure Statements, Supplemental Terms and Conditions and such terms and conditions specified by the Bank from time to time (collectively "Bank's General Terms and Conditions") shall also apply except in the case of conflict, in which case the terms and conditions of the Product Documentation shall prevail.

Signature :	Signature:
Name:	Name:
Date:	Date:
For bank use only: Signature verified by:	