

This **Risk Disclosure Statement (RDS)** outlines the financial risks generally associated with financial instruments such as but not limited to investments, securities trading, foreign exchange trading, and derivative transactions (individually the “**Transaction**” or collectively the “**Transactions**”). China Banking Corporation (“**Bank**”) hereby informs the Client of the nature of these Transactions and the inherent risks involved in entering into them.

As financial instruments carry different degrees of risk, it is necessary that, before entering into any Transaction, the Client should have: (i) fully understood the nature and characteristics of the Transaction and the extent of their exposure to the risks, (ii) independently evaluated or assessed the relevant markets and considered whether entering into the Transaction is suitable in view of their financial objectives, financial condition, experience, operational resources, and other relevant circumstances, and (iii) read, understood, and accepted this Risk Disclosure Statement.

In considering whether to enter into a Transaction, the Client should be aware of the following:

- a. Certain Transactions may not be readily realizable. There can be no certainty that market traders will be prepared to deal in them, and proper information for determining their current value may not be available.
- b. Transactions can be highly volatile and carry a high risk of loss. A relatively small adverse market movement may result in a loss, which exceeds or is out of the proportion to the premium paid, if any.
- c. Where liabilities in one currency are matched by an asset in a different currency, or where assets are denominated in a currency other than your reference currency, movements of exchange rates may have a separate effect, whether favorable or unfavorable, on any gain or loss otherwise experienced on the Transaction.
- d. **Credit / Issuer Risk:** Credit risk may arise from a counterparty not fulfilling its contractual obligations.
- e. **Foreign Exchange Risk:** The Transactions may be priced in a foreign currency. Movements in the foreign exchange rates of the currencies against the primary reference currency may substantially reduce the yield which the Client may expect from the Transaction and have an adverse effect on the profit/loss position of the Client.
- f. **Foreign Market Risk:** Foreign markets will involve different risks from the Client's own markets. In some cases, the risks may be greater. Risks associated with developing markets are generally higher. The potential for profit or loss from Transactions in foreign markets or foreign currency denominated agreements will also be affected by fluctuations in foreign exchange rates.
- g. **Interest Rate Risk:** Interest rates may be fixed or floating. Transactions bearing fixed interest payments will be adversely affected by rising interest rates. The longer the term of such securities, the greater the interest rate risk or loss from the movement of the market interest rates.
- h. **Investment Risk:** Repayment on maturity may be subject to intervening circumstances such as government action or legal restrictions placed on the issuer or the guarantor which may have an impact on the currency in which the Transactions are denominated or may otherwise forbid the transfer of funds out of the country of the issuer or the guarantor or the country from which funds are to be remitted to the Client.
- i. **Liquidity Risk:** Under certain market conditions and subject to the terms and conditions of the Transaction, it may be difficult or impossible to liquidate or otherwise dispose of the Transaction before the interest and/or the principal sum is due and payable. The Bank is not under any obligation to purchase any financial instrument from the Client under any circumstance whatsoever but will endeavor to sell the same on behalf of the Client at prevailing market rates.
- j. **Market Risk:** Market risk exists for financial instruments that can be purchased or sold at a market determined price or value. Changes to the market determined price may adversely affect the value of the Transaction and the recovery of the amount transacted. The holder of a Transaction that is subject to market risk understands that the Bank will not be responsible for covering events of market related losses and that past performance of equivalent products is not a guarantee of future return.
- k. **Operational Risk:** Operational risk may arise from internal problems that adversely affect the delivery of the Bank's products and services. The Bank will use reasonable care in the performance of its duties and establish safeguards to protect against systemic failures of the Bank's system.
- l. **Sovereign Risk:** The Bank shall not be liable for the unavailability of foreign currency funds due to restrictions on convertibility or transferability, moratoria, requisitions, involuntary transfers, distraints of any character, exercise of military or usurped powers, acts of war or civil strife, or other similar cases beyond its control.
- m. **Tax Risks:** Income or profit from trading or dealings in the Transactions may be subject to withholding tax, capital gains tax or other taxes imposed inter alia in the country of the issuer or the country in which the Transactions are traded. In such event, unless the issuer or the guarantor agrees to gross-up the amounts payable to the Client in respect of the Transactions, the Client will only receive the proceeds net of the amount of withholding tax or other applicable tax.

The Client assumes full responsibility for these and all other risks, which may be substantial, and the Bank will not be liable for any losses whatsoever arising from or in connection with the Transactions. If there is any doubt on the suitability of the product, the Bank recommends that the Client consult their own legal, regulatory, tax, financial, and/or accounting advisors before entering into any Transaction.

THIS RISK DISCLOSURE STATEMENT DOES NOT COVER OR PURPORT TO DISCLOSE ALL THE ATTENDANT RISKS OR OTHER SIGNIFICANT ASPECTS OF THE TRANSACTIONS. IT IS INTENDED TO SERVE AS A GENERAL GUIDE ONLY AND IS NOT SPECIFIC TO ANY TRANSACTION. THE CLIENT SHOULD REFRAIN FROM ENTERING INTO ANY TRANSACTION UNLESS THE CLIENT FULLY UNDERSTANDS ALL SUCH RISKS INVOLVED AND HAVE INDEPENDENTLY DETERMINED THAT THE TRANSACTION IS APPROPRIATE FOR THEM.

The Bank is regulated by the Bangko Sentral ng Pilipinas (<https://www.bsp.gov.ph/>). The Bank is also registered with and regulated by the Securities and Exchange Commission (SEC) under Markets and Securities Regulation Department (MSRD) with contact number (+632) 8818-5703 and email address: msrdsubmission@sec.gov.ph.