General Risk Disclosure Statement

The risk of loss in Trading Assets and other Investments, including leveraged foreign exchange, foreign exchange, options, securities, debt instruments or derivatives or in the other Transactions can be substantial. You should therefore carefully consider whether such Transactions or Investments are suitable for you in light of your investment objectives, financial circumstances, your tolerance to risks and your investment experience. In considering whether to trade or invest, you should inform yourself and be aware of the risks generally, and in particular should note the following:

1. General and Securities, Structured Investments and Trading Assets Issues

1.1 Margin Financing - Trading by way of margin financing in any investment arrangement involves the risk that adverse market movements may give rise to losses substantially in excess of the sums deposited by way of margin and the placing of such a margin as security in no way limits your liability in the event of such losses being sustained. You will be liable without limit for all such losses. The use of leverage can therefore lead to large and unlimited losses as well as gains.

1.2 Loss of Margin and Other Amounts - In the event that at the Bank's discretion you trade on a margin basis, you may sustain a total loss of the initial margin funds and any additional funds and assets that you deposit with the Bank to establish or maintain a position in the relative market. If the market moves against your position, you may be called upon by the Bank to deposit substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required additional funds or fail to make interest payments within the prescribed time or if the market moves against you further before the receipt by the Bank of the additional funds, notwithstanding that the prescribed time has not elapsed, the Bank at its sole discretion may (but it is not obliged to) close at market rate all or any of your positions that you may have and liquidate your collateral without your consent or prior notice.

1.3 Liquidation May Not be Possible - Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market makes a "limit move" or trading is suspended by the relevant Exchange. In addition, there may not be a ready market for certain investments and market traders may not be prepared to deal in certain investments. Some investments may have to be held to maturity, for instance, some index options can only be exercised on the expiry date, whilst other index options may be exercised at any time before expiry. Proper information for determining the value of certain investments may not be available.

1.4 Limit Orders May Not Limit Loss - Placing contingent orders, such as "stop loss" or "stop limit" orders will not necessarily limit your losses to the intended amounts, since market conditions may make it impossible to execute such orders. Under certain circumstances, it may be difficult or impossible to assess the value of your position, determine a fair price or assess your exposure to risk.

1.5 Spreads - A "spread" position may not be less risky than a simply "long" or "short" position.

1.6 Warrants - Warrants often involve a high degree of gearing so that a relatively small movement in the price of the Underlying securities, Structured Investments and Trading Assets to which the warrant relates may result in a disproportionately large movement, unfavorable or favorable, in the price of the warrant.

1.7 General Securities, Structured Investments and Trading Assets Risks - Any trading in securities, Structured Investments and Trading Assets carries investment risks. In particular the price or value of any securities, Structured Investments and Trading Assets can and does fluctuate and may even become valueless, resulting in possible loss not only of profit but also of all or part of the principal sums invested. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance of any investment is not necessarily indicative of future performance.

1.8 Issuer or Counter-party Risks - If the issuer of any securities, Structured Investments and Trading Assets or other instrument or a trading counterparty becomes unable to meet its obligations then such investments may become worthless and any trading costs and profits irrecoverable.

1.9 Country Risks - If an investment is made in any asset or issued by a party subject to foreign laws or transactions made on markets in other jurisdictions, including markets formally linked to a domestic market, recovery of the sums invested and any profits or gains may be reduced, delayed or prevented by exchange controls, debt moratorium or other actions imposed by the government or other official bodies. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should obtain details about the different types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

1.10 Currency Risks - Where trading contracts or other investments are denominated in currencies other than your primary reference currency, or where you convert funds from another currency upon making an investment, there is the risk that if the foreign exchange markets move against you, then upon maturity or any earlier dealing the net proceeds converted into your primary reference currency, or the currency from which the initial funds were converted (as the case may be), may be significantly less than the equivalent figure on the date the contract was entered into or the investment made, and that any income or gains made may be entirely negated. Where your indebtedness is secured by assets denominated in a currency different from the currency of the indebtedness, the foreign exchange market may move against you and the risk of loss can be substantial. In the case of foreign currency deposits, the net return on your foreign currency deposit(s) will depend on market conditions prevailing at the time of maturity. In this regard, you may suffer loss as a result of depreciation of the value of the currency paid as a result of foreign exchange controls imposed by the country issuing the currency. Such loss may offset the net return on your deposit(s) and may result in losses to such deposit(s). Repayment or payment of amounts due to you may be delayed or prevented by exchange controls or other actions imposed by governmental or regulatory bodies.

1.11 Off-Exchange Transactions - Transactions may be traded off-exchange or on an over-the-counter basis. Non-exchange traded or "non- transferable" instruments may not be readily realizable and are not regulated by the rules of any exchange. Situations may arise where no market traders are prepared to deal in them, or no proper information may be available to determine their value. Sometimes it may not be possible to obtain a price quotation. Minimum transaction amounts may be imposed and/or changed by traders from time to time.

1.12 Taxation - Income or profit from trading in any investments may be subject to withholding tax or capital gains tax or other tax of the country of the issuer or the country in which such investments are traded. In such event, unless the issuer agrees to gross-up the income or profit received by the investors, the investors will only receive the interest payment or proceeds of sale or redemption of the investment less the withholding tax or capital gains tax or other tax. Retention tax operated by paying agents may be applied in certain jurisdictions.

1.13 Commissions and Other Charges - Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other
charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Debt Instruments - Should you wish to invest in certain debt instruments and any synthetic instruments in respect thereof (including, but not limited to government treasury bills, commercial paper issued or guaranteed by banks or institutions, government bonds and notes, bankers acceptance and bills of exchange) ("Instruments") and whether we purchase or sell Instruments from or to you as principal or whether we act as agent, you should also pay special attention to the following further factors:

1.14 Market Movements - Instruments may be issued with fixed, floating or zero interest rates. Instruments bearing fixed interest payment or zero-coupon instruments issued at a discount will be adversely affected by rising market interest rates and the longer the term of the Instrument, the greater the interest rate risk or benefit from the movement of the market interest rate.

1.15 Floating Interest Rate - Floating rate instruments are issued with coupons based on a short-term rate index and are reset periodically. Interest rates are usually fixed at the beginning of each interest period and interest payments are affected at the end of that interest period. While fluctuations in the short-term interest rates will affect the price of floating rate notes, the impact is generally less pronounced when compared to that on bonds which have fixed or zero interest and longer maturities.

1.16 Pre-maturity Dealings - Market movements are unpredictable and unless the Instrument is held to maturity it may not be possible to realize the Instrument either at a reasonable price or at all.

1.17 Bills of Exchange/Negotiable Instruments - A few Instruments are issued in the form of "Bills of Exchange" or other negotiable Instruments and are subject to the relevant legislation relating to negotiable Instruments in force in the country where the Instrument is issued and/or accepted and/or paid. The liabilities and responsibilities of parties to the negotiable Instruments may vary among different countries. For example, if an Instrument is dishonored at maturity, all parties who have been the holders and negotiated the Instrument to another party by endorsement may be responsible to effect payment to the subsequent holders of the Instrument. This may include you.

1.18 Synthetic Products - In circumstances where Instruments constitute synthetic products which have resulted in different currencies, investments and interest terms to that of the underlying Instrument itself, the swaps which may be so involved may mean additional risk or loss to you in the event that there are defaults or problems with the relevant underlying Instruments.

1.19 Emerging Markets Instrument - The purchase of the whole or part of a debt Instrument which is issued by an issuer from, or denominated in a currency of, an emerging market country may expose you to additional risks and requires careful and independent assessment by you. Emerging markets may include low- and medium-income countries or countries whose markets' regulatory systems or financial infrastructure are not fully developed. Further, while such investments can yield high gains, there may be additional risks, including without limitation sovereign risk, issuer risk, liquidity risk, foreign exchange controls and high market volatility.

2. Swap Transactions - Swap transactions involve the obligation to exchange revenue flows of different types. Movements in exchange rates, interest rates or the market price of the underlying instruments of the swap transaction may significantly affect your position. Movements in exchange rates, interest rates or the market price of the underlying instruments of the swap transaction can also be affected by various factors, including inflationary fears and weakening currency. There may not be any logical reason for markets to act in a certain way, making it difficult to anticipate such movements.

3. Options Trading

3.1 Options

Variable Degree of Risk - Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a leveraged foreign exchange transaction, the purchaser will have to acquire a leveraged foreign exchange position with associated liabilities for margin (see the section on Leveraged Foreign Exchange Trading above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options and if you sell or write an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavorably.

The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a leveraged foreign exchange transaction, the seller will acquire leveraged foreign exchange position with associated liabilities for margin (see the section on Leveraged Foreign Exchange Trading above). If the option is "covered" by the seller holding a corresponding position in the underlying leveraged foreign exchange transaction or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

3.2 Additional Risks Common to Options and Leveraged Foreign Exchange Trading

(a) Terms and Conditions of Contracts - You should ask the for the terms and conditions of the specific option or leveraged foreign exchange transaction which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a leveraged foreign exchange transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(b) Suspension or Restriction of Trading and Pricing Relationships - Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

(c) Deposited Cash and Property - You should familiarize yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in the Brokerage's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purpose of distribution in the event of a shortfall.

3.3 Transactions in Other Jurisdictions - Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask for details about the type of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

3.4 Currency Risks - The profit or loss in transactions in foreign currency-denominated options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

3.5 Trading Facilities - Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your liability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and or its members. Such limits may vary. You should ask the for details in this respect.

3.6 Electronic Trading - Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

3.7 Managed Accounts - For managed accounts, substantial charges for management and advisory fees may be levied and therefore, it may be necessary for these accounts that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets.

3.8 Margin - "Margin" means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller or such other party in a leveraged foreign exchange transaction to ensure performance of the terms of the leveraged foreign exchange transaction.

Growth Markets

3.9 Emerging Markets Financial Instruments - Emerging markets are defined as markets in countries with moderate to low per capita national income. While investments in emerging markets can yield large gains, they can also be highly risky as they could be unpredictable and there may be inadequate regulations and safeguards available to investors. For instance, investments may not be readily saleable and information to determine their current value may not be available in emerging markets. Besides the risks inherent in all investments, those associated with emerging markets include, but are not limited to, country risk where government intervention in markets, perhaps in the form of exchange control laws or restrictions in the repatriation of profits, may affect the value of an investment or your ability to enjoy its benefits. In addition, events (for instance, natural disasters, fluctuations in commodity prices and/or exchange rates and political upheavals) which may have a minor or limited effect in more mature markets could affect emerging markets profoundly.

In these circumstances, investments by you in emerging markets financial instruments (for instance, bank certificates of deposit, and debt or equity securities issued by public or private sector institutions available in emerging markets) need careful and independent assessment of each investment and the risks in relation thereto (including without limitation, sovereign risk, issuer risk, price risk, political risk, and liquidity risk).

You should make an independent appraisal of, and investigations into, and should, from time to time, review the financial condition and creditworthiness of the relevant issuer of the emerging market financial instruments. You should be aware of and be able to weigh the diverse risks, some of which are identified above, before investing in emerging market financial instruments.

3.10 Growth Markets - Should you wish to invest in securities, Structured Investments and Trading Assets listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong or other similar markets elsewhere (collectively "the Growth Markets"), you should also pay special attention to the following factors:

(a) Risk - Growth Market securities, Structured Investments and Trading Assets involve a high investment risk. In

particular, companies
with neither a track record of profitability nor any obligation to forecast future profitability may list on Growth Markets.

(b) Suitability - You should make the decision to invest only after due and careful consideration. The greater risk profile and other
characteristics of Growth Markets mean that they are markets more suited to professional and other sophisticated investors.

(c) Volatility and liquidity - Given the emerging nature of companies listed on Growth Markets, there is a risk that securities, Structured Investments and Trading Assets traded on Growth Markets may be susceptible to higher market volatility compared to securities, Structured Investments and Trading Assets traded on the Main Boards of the relevant Stock Exchange or market and no assurance is given that there will be a liquid market in the securities, Structured Investments and Trading Assets traded on the particular Growth Market.

(d) Dissemination of Information - Where the principal means of information dissemination on the Growth Market is publication on an internet website, you need to have access to up-to-date information on the companies listed on the Growth Market as published on the website. Current information on securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. Companies listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited are not usually required to issue paid announcements in gazette newspapers and this may be the case with other Growth Markets where the principal means of information dissemination is via an internet website.

4. Nasdaq-Amex Securities - The securities under the Nasdaq-Amex Pilot Program (“PP”) at The Stock Exchange of Hong Kong Limited are aimed at sophisticated investors. You should familiarize yourself with the PP and consult professional advisers before trading in the PP securities. You should also be aware that the PP securities, Structured Investments and Trading Assets are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

5. Non-Traditional Funds (Hedge Funds and Offshore Funds) - Non-traditional funds are investment companies which differ from traditional equity and bond investments on account of their investment style. The most common form of a non-traditional fund is the hedge fund. Despite its name, ‘hedge funds’ do not necessarily involve hedging. Many hedge funds aim to make a profit and sometimes take on very high levels of risk. Hedge funds include all types of investment funds, investment companies and partnerships which use derivatives for investment rather than hedging purposes, which can carry out short sales or which can attain significant leverage from the investment of borrowed capital. Additional features of hedge funds are their free choice of investment categories, markets (including emerging markets) and trading methods. Hedge funds generally demand high minimum investments. They offer no more than limited subscription and redemption rights with lengthy notice periods. Portfolio managers of hedge funds receive performance-linked bonuses and often have a personal stake in the fund. You acknowledge that performance fees may be charged in relation to an investment in a non-traditional fund, and this may be affected by way of deduction of securities held by the Brokerage on behalf of you, which will reduce your holdings accordingly.

Investment strategies are often high-risk. Due to leverage, a small movement in the market can lead to a major gain, but any losses will also be magnified sharply. You acknowledge and accept that for such investments the entire amount of your investment can, under certain circumstances, be lost. It is common for there to be little information available concerning a non-traditional investment. Moreover, many investment strategies are highly complex and very difficult to understand. You should be aware that changes in strategy which can lead to a substantial increase in the level of risk are often overlooked, accorded too little attention or noticed too late. The liquidity and tradability of non-traditional investments can vary a great deal. Hedge fund issues and redemptions are often only monthly, quarterly or annually. Fixed holding periods lasting many years are not unusual. Provisions regarding trading frequency and holding periods may change frequently and rapidly.

Liquidations can stretch over many years. Many funds in this category have an offshore domicile which earns them the name offshore funds. They are subject to less stringent legislation and supervision, which, as a consequence, offers poorer investor protection. Problems or delays may also arise in the settlement of buy and sell orders for units in such funds. There is no guarantee that an investor’s legal rights will be enforceable.

Non-traditional investments can take countless different forms and involve a high degree of risk. Before making any such investments, you should seek independent professional advice about the particular risks involved and carefully study and understand the information memorandum and subscription agreement and other information on the relevant investments. You should also fully understand and agree to assume the risks involved and the exposure to potential loss (which could involve the complete loss of the investments).

6. Capital Protected Products - Structured products with a capital protection component often consist of an option combined with a

fixed income instrument (e.g. a bond). The capital protection component is provided by the bond and determines how much is paid out as a fixed sum when the structured investment matures. You should note that the capital protection can be well under 100 percent of the capital invested, depending on the product. The capital protection is also linked to the nominal value rather than the issue price or the secondary market price. Capital protection does not therefore mean 100 percent repayment of the purchase price for all products. The option component determines how and to what extent the buyer benefits from price movements in the underlying asset. In other words, it establishes the buyer's potential return above the capital protection component. The risks this component entails correspond to those of other options or option combinations. Depending on the underlying asset's market value, it can expire without value. The market value of a structured investment can fall below the level of its capital protection, which can increase the potential loss on a sale before maturity. In other words, capital protection is only available if the buyer holds the structured investment until maturity.

7. Structured Investments - Structured investments are formed by combining two or more financial instruments, including one or more derivatives. Structured investments may carry a high degree of risk and may not be suitable for many members of the public, as the risks associated with the financial instruments may be interconnected. As such, the extent of loss due to market movements can be substantial. Prior to engaging in structured investment Transactions, you should understand the inherent risks involved. In particular, the various risks associated with each financial instrument should be evaluated separately as well as taking the structured investment as a whole. Each structured investment has its own risk profile and given the unlimited number of possible combinations; it is not possible to detail in this Risk Disclosure Statement all the risks which may arise in any particular case. Nonetheless, this Risk Disclosure Statement attempts to provide a general description of the features and some of the risks applicable to a few common types of structured investments. You should note that with structured investments, buyers can only assert their rights against the issuer. Hence, particular attention needs to be paid to issuer risk. You should therefore be aware that a total loss of his investment is possible if the issuer should default. Rate-Linked Structured Investments - Rate linked investments ("Rate-Linked Structured Investments") are a type of structured deposit where the amount of interest payable or the amount of principal repayable or the total return (or any combination thereof) is to be calculated in whole or in part by reference to changes in a specified interest rate or index. In addition, certain types of Rate-Linked Structured Investments may be extended beyond, or terminated prior to, the maturity date, in whole or in part.

(a) Credit Linked Accounts - Credit Linked Accounts are a type of structured investment where, upon the occurrence of various agreed events (each a "Credit Event"), the amount of principal repayable or the amount of interest payable (or both) is to be calculated in whole or in part by reference to the value of a specified obligation (such as a security or debt instrument) of a specified reference entity. In addition, certain types of Credit Linked Accounts may incorporate an additional component to enhance the interest payable. In such cases, the interest payable may be calculated in whole or in part by reference to changes in interest rate, currency exchange rate, or some other specified rate, price or index.

Credit Linked Accounts are principal-at-risk investments. Credit Linked Accounts carry risks not normally associated with ordinary bank deposits and are generally not a suitable substitute for ordinary savings or time deposits. Credit Linked Accounts are speculative and are not appropriate if you are not willing or able to accept the risk of the occurrence of a Credit Event, the risk of adverse movements in the value of the reference obligation, or the risk of adverse movements in the reference rate.

You are subject to the credit risk of the reference entity. If a Credit Event occurs, the Credit Linked Account will mature early and the Bank's obligation to repay the Credit Linked Account will be replaced by the obligation to pay an early redemption amount which may be less than the principal amount of the Credit Linked Account and may be as low as zero. You should not transact a Credit Linked Account unless (1) you are familiar with the reference entity and the reference obligation and (2) the linkage of your rights to the reference entity and the reference obligation conforms with your own independent view of how the reference entity and the reference obligation will perform.

The Bank and its affiliates may have entered into and in the future may enter into Transactions and agreements with the reference entity, their holding companies, their subsidiaries or other companies in their group. The Bank and its affiliates may have under such agreements the ability to accelerate payment obligations or call an event of default or take other action which may result in the occurrence of a Credit Event with respect to the reference entity or their subsidiaries. The Bank and its affiliates may have positions in the reference obligation or in other securities issued by the reference entity.

If the Credit Linked Account has an additional component where the interest payable is calculated in whole or in part by reference to changes in the reference rate, you take additional risk on the movements of the reference rate.

The reference rate may be affected by a wide range of factors, including national and international financial and economic conditions and political and natural events. The reference rate (such as currency exchange rate and interest rate) may not be predictable and, at times, may rise or fall rapidly.

(b) Equity Linked Accounts - Equity Linked Accounts are accounts where the amount of interest payable or any other return is to be calculated in whole or in part by reference to changes in the market prices of a single share or other security or a basket of shares or other securities specified in the relevant Equity Linked Account Confirmation, or in the levels of a single index or a basket of indices specified in the relevant Equity Linked Account. Equity Linked Accounts carry risks not normally associated with ordinary bank deposits and are generally not a suitable substitute for ordinary savings or time deposits. Equity Linked Accounts are speculative and are not appropriate if you are not willing or able to accept the risk of adverse movements in the reference value.

The return on Equity Linked Accounts will be dependent, to at least some extent, on movements in the reference value. The price of shares or the level of an index may go down as well as up and past performance is not necessarily a guide to future performance. A short- term investment in an equity linked investment such as an Equity Linked Account is likely to involve a greater risk of loss than a long-term investment.

An Equity Linked Account is "principal protected" or "principal-at-risk." Where an Equity Linked Account is principal protected, only the interest or yield on the account may be affected by movements in the relevant reference value and that the principal amount deposited will be repayable in full at the end of the account period. The total return on a principal protected Equity Linked Account cannot be negative but may be zero or significantly less than the return which might be obtained on a normal time deposit in the event of an adverse movement in the relevant reference value. Where an Equity Linked Account is principal-at-risk, interest or yield may be affected by movements in the relevant reference value and all or part of the principal may be lost as a result of loses caused by such movements. The total return on a principal-at-risk Equity Linked Account may be negative as well as zero or significantly less than the return which might be obtained on a normal time deposit in the event of an adverse movement in the relevant reference value. In the case of either a principal protected or principal-at-risk Equity Linked Account, where an Equity Linked Account is withdrawn by you prior to its scheduled maturity date, the adjustment made by reason of early repayment may result in a negative return.

Equity Linked Accounts cannot generally be cancelled or withdrawn by you prior to the agreed maturity date without the consent of the Bank unless the terms of an Equity Linked Account expressly provide for it. If the Bank does consent to an early withdrawal, it will be subject to conditions that the Bank, in its absolute discretion, may impose, including the condition that the amount of any cost or loss suffered by the Bank by reason of early withdrawal or cancellation is deducted from the account. Such costs and losses may include the cost of unwinding a hedging position taken by the Bank to cover the account and may result in a lower rate of return than might be expected, or even a negative rate of return.

(c) Equity-Linked Notes - Equity-Linked Notes may be viewed as combining a debt instrument with an option that allows a bull (rising), bear (falling) or range bet. The return on an Equity-Linked Note is usually determined by the performance of a single security, a basket of securities or an index. A bull Equity-Linked Note combines a traditional deposit with the premium received from writing a put option on the chosen securities. If the value of these securities falls to a level less than the strike price minus the premium received, the buyer will suffer a loss. The maximum potential loss could be the entire capital sum. A bear Equity-Linked Note combines a deposit with the premium received by selling a call option on the chosen securities. Upon maturity, the amount that the issuer of a bear Equity-Linked Note will repay the investor depends on the strike price and the market value of the securities at maturity. Buyers of a bear Equity-Linked Note must feel comfortable with the risk of losing the entire capital invested, in the event that the market value of the securities is above the strike price. A range Equity-Linked Note combines a traditional deposit with the premium received by selling both a put option and a call option on the chosen securities. You should also note that the return on investment of an Equity-Linked Note is predetermined, so that even if your view of the direction of the underlying market is correct, you will not gain more than the specified amount. You should also note that there is no guarantee that you will derive any return on your investment in an Equity-Linked Note. In addition, there is a limited secondary market for outstanding Equity-Linked Note issues.