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RISK DISCLOSURE STATEMENT – FIXED INCOME INSTRUMENTS

CFSI IS PROVIDING THE FOLLOWING RISK DISCLOSURES AS A SERVICE TO ITS CLIENTS WHO ARE CONSIDERING AN INVESTMENT IN BONDS. THESE RISK DISCLOSURES ARE NOT INTENDED TO BE AN EXHAUSTIVE DESCRIPTION OF THE RISKS INVOLVED IN ANY INDIVIDUAL SECURITY, BUT ARE A GENERAL STATEMENT OF THE RISKS COMMONLY ASSOCIATED WITH SECURITIES OF THIS TYPE. PLEASE READ THESE DISCLOSURES, THE RISK FACTORS AND OTHER RELEVANT INFORMATION IN THE OFFERING CIRCULAR / OFFERING DOCUMENTATION CAREFULLY. PLEASE DIRECT ANY QUESTIONS YOU MAY HAVE TO YOUR RELATIONSHIP MANAGER/RELATIONSHIP OFFICER.

1. **Non-insured and Non-Protected Product.** Financial instruments, securities and other financial products **(the “Investment” or “Investments”)** are not bank deposits and are not obligations of, or guaranteed, issued or insured by **Citicorp Financial Services and Insurance Brokerage Philippines, Inc. (CFSI) and the Bank** or any of their subsidiaries, affiliates or representative offices, unless otherwise specifically stated in writing. The Investments are not insured and not protected by the Philippine Deposit Insurance Corporation (PDIC) or by any governmental agency deposit insurance or protection schemes of any jurisdiction, unless otherwise specifically stated in writing.
2. **Market Risk.** Prices of Investments will fluctuate as a result of a variety of changes in the market and the economy, including but not limited to changes in interest rates, inflation (actual and outlook) and a general decline in the market as a whole. Generally, when interest rates are on the rise with an inflationary outlook, prices of Investments will fall. Additionally, certain characteristics of the Investment (for example: tenor, coupon or embedded options like callable provisions) may affect the sensitivity of the price of the Investment to these and other macro-economic changes. These and other factors, including political, regulatory, or general economic changes, may impact the value of the Investment regardless of their fundamental characteristics. The value of Investments may change throughout their tenor.
3. **Credit and Default Risks.** The ratings and outlook are subject to change during the term of the Investment. You assume the risk that the issuer [and the guarantor (if applicable)] will be unable or fail to make interest or coupon or principal payments when they are due resulting in an issuer [or guarantor (if applicable)] default. **In such cases of default, you will not receive the principal amount at maturity and/or any interest/coupon amount under the Investment.** Different Investments may have different credit ratings even if issued by the same issuer. Any credit rating of the Investment issuer, [the guarantor (if applicable)] or the Investment reflects the independent opinion of the rating agency as to the creditworthiness of the rated entity or Investment and is not guarantee of credit quality of the issuer, [the guarantor (if applicable)] or the Investment. Any downgrading of the credit ratings of the issuer, [the guarantor (if applicable)] or its parent or affiliates, or the Investment by any rating agency could result in a reduction in the value of the Investment. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the issuer [or the guarantor (if applicable)], the payment of sums due on the Investment [or pursuant to the guarantee, if any,] may be substantially reduced or delayed. Additionally, you undertake the risk of loss on the whole or part of the original amount invested in the Investment, in the event or situation that the issuer [and/or the guarantor (if applicable)] [does/do] not satisfy their obligations under the Investment [or the guarantee].
4. **Liquidity Risk.** You may have difficulty finding a ready buyer when you wish to sell your Investment resulting in either an inability to sell your Investment or a sale at a significant discount to the Investment’s last traded market price. Liquidity risk is greater for thinly traded Investments (for example, lower-rated Investments, Investments that were part of a small issue, Investments that have recently had their credit rating downgraded and/or Investments sold by an infrequent issuer). During adverse market conditions, you may not be able to liquidate all or part of your Investments as and when you require, or you may be able to liquidate your Investments but only at significantly depressed prices. In addition, certain Investments may not be marketable and as such cannot be liquidated before maturity. You should expect a sharp decrease in mark to market prices after a large coupon is paid. Liquidity risk can also affect your ability to purchase a Bond, when there is no ready seller in a market or where a Bond is in scarce supply.
5. **Sovereign Risk.** In the event the issuer [or guarantor] is a sovereign or governmental entity or quasi-governmental entity, the value of the Investments may be affected by the economic, political, social, or regulatory events in the relevant sovereign country. Such events may include governmental action such as declaration of a moratorium on debt repayment or negating or altering the terms of the repayment obligations (including, but not limited to the currency, amount and timing of any repayment). If any such event were to occur, you may lose up to all of your initial investment in the financial instrument.
6. **Foreign Exchange Risk.** If you are investing in Investments denominated in non-local currency, you should be aware of the risk of exchange rate fluctuations that may result in the receipt of a reduced interest rate / coupon and/or a loss of principal and/or a loss on the original amount invested when converted to your local currency. Exchange controls imposed by the relevant authorities may also adversely affect the applicable exchange rate and result in the receipt of reduced repayment amount upon in local currency terms and/or otherwise make it impossible or impracticable for the issuer to meet its repayment obligations in the original currency of the Investment.
7. **Early Redemption by Issuer Risk.** Some Investments can have provisions whereby the Issuer may early redeem or "call back" the Investment, adjust or vary the terms and conditions of an Investment, substitute, convert or replace the Investment prior to maturity.

(a) ***Scheduled Call Back:*** Declining interest rates may accelerate the redemption of a callable Investment, causing the principal to be returned sooner than expected. In that scenario, investors may not be able to realize the returns they expected and may only be able to reinvest the principal in another Investment at the lower interest rate (also known as "reinvestment risk"). Additionally, if an Investment is called at or close to par value, investors who paid a premium for the Investment also face a risk of loss on their initial purchase price. On the other hand, if the Investment is not called before maturity, investors will be subject to a longer holding period until the issuer decides to call the Investment on subsequent call dates (if at all) and possibly until maturity if the issuer does not call the Investment.

(b) ***Non-scheduled Early redemption, Adjustment, Variation, Substitution, Conversion or Replacement:*** The terms and conditions of each Investment vary and contain one or more events or describe one or more circumstances that may result in the Issuer having a right but not obligation to make a non-scheduled early redemption prior to maturity, an adjustment or variation to the terms and conditions of the security, a substitution / conversion or replacement of the security.
Investors should be aware that the variety of events / circumstances has changed and may continue to change over time and/or across sectors / issuers due to market developments / conditions. Investors should read the prospectus to understand the comprehensive / complete list of these events / circumstances that may apply to the specific Investment they are investing in.

Such events / circumstances include but are not limited to changes to the qualifying criteria affecting the security and/or results in the requirement to re-align issued securities to be qualified for certain capital tiers, due to changes in relevant law, regulations or rules (including interpretations thereof); changes in control that may alter not only the ownership of the business but also potentially the management thereof, which directly affect the way the business operates and its strategy; changes to law, regulations or rules (including interpretations thereof) that may result in reduction in tax deductibility of interest, affect withholding tax or other tax related matters; changes that result in the issuer becoming obliged to pay additional payments or prevents full payments of amounts due under the securities; changes in accounting standards that may for example affect the ability to record the obligations as liabilities in the balance sheet; changes in ratings / rating methodologies of rating agencies of the security or equity that may affect the capital treatment or require reclassification of the credit; a reduction in the amount outstanding on the security or a group of securities below a defined threshold as determined by the issuer; inability / failure of the issuer to register the security; inability / failure of the issuer or security to meet qualifying criteria requirement that may apply to the security; and/or other extraordinary reasons like illegality or force majeure and more.
Such events / circumstances (and combinations thereof) may vary between securities even securities issued by the same Issuer and some securities may have more of such events / circumstances than others;
None of the events / circumstances can be predicted nor effectively tracked for probabilities of occurrence, for example, changes in control can occur over a period of time before a change of control threshold is triggered, a change in regulation or tax law can happen without notice or precedence, etc;
Such events / circumstances may occur and lead to outcomes including but not limited to non-scheduled early redemption, adjustment or variation, substitution, conversion or replacement made by Issuer, without the approval or consent of investors / bond-holders and the Issuer need not take the interests of the bond holders into consideration when exercising such right.
Upon the occurrence of a non-scheduled early redemption, adjustment or variation, substitution, conversion or replacement made by the Issuer;

i. the redemption proceeds may be and/or the value of investors' investment may become substantially less than the prevailing market value and/or investors' original invested amount and/or par and investors need to accept that they may suffer significant losses and;
ii. such losses suffered by investors will be more significant in a situation where investors had purchased the security at a premium and/or the prevailing market value is at a premium, and;
iii. in an extreme worst case scenario, investors may lose up to all of their original invested amount.

(c) ***Make Whole Call:*** Provision that allows the issuer to early redeem the Bonds at any time prior to maturity by paying investors the net present value (NPV) of future cash flows payable on the Bond. In a make-whole call, the value investors receive is not fixed at par as the NPV will be calculated by the issuer in accordance with the terms of the provision and using prevailing market factors including interest rates.

8. **Early Redemption by Investor Risk.** You must hold the Investment until maturity to receive repayment of principal from the issuer. In the event you wish to liquidate the Investment prior to maturity, the secondary market price, if any, may be less than either of your initial purchase price or the principal amount of the Investment.
9. **Settlement Risk.** Upon purchasing the Investment, you assume all settlement risks relating to the Issuer or counterparty failing to settle the Investment on relevant trade date or settlement date: (a) In the event that the Issuer or counterparty fails to settle the Investment, CFSI will credit the amount paid by you to your nominated bank account (for purchases) or credit the Investment position to your account (for sales) without liability for any interest or further payment to you; (b) You should be aware that upon placing an order for the purchase of or otherwise investing in the Investment, the investment amount (and any applicable fees and charges, as specified) may be debited from your nominated bank account and the and the date of debiting of funds may be on a date that is earlier than the applicable trade date or settlement date. By placing an order to purchase the Investment, you acknowledge that none of CFSI and the Bank shall be liable to you for any interest or compensation otherwise for such authorized debits from your account; and, (c) Any interest, coupon or principal payment funds accruing to you will be credited to your nominated bank account only after actual receipt and processing of cleared funds by CFSI from the Issuer or counterparty. This process may result in a payment to you on a date subsequent to any stated interest or coupon payment date or redemption or maturity date. CFSI and the Bank shall not be liable to you for any interest or compensation otherwise in the event of any delayed payment or credit to your account.
10. **Conflicts of Interest Risk.** You should ensure that you understand and accept the identities of the parties and the roles that they play in relation to the Investment. For example, the issuer, and certain named agents (such as the Calculation Agent/Paying Agent) may be the same or affiliated corporate entities, although performing different functions in respect of the Investment and the structure underlying them. In particular, in their respective roles, the issuer or the various named agents may retain various powers of discretion which may have a material impact on the value and performance of the Investment (including the ability to declare an early redemption of the Investment) (see "Early Redemption by Issuer Risk" above). Such discretions may create conflicts of interest due to the capacities in which the issuer and the agents are acting and these discretions may be exercised (or not be exercised) in a way that could adversely affect the holders of the Investment. There may be various actual or potential conflicts of interest between CFSI, the Bank, their affiliates or subsidiaries ("Connected Persons") and a holder of the Investment, as a result of the various investment and/or commercial businesses and/or activities of the Connected Persons, such as (i) holding of positions (long and/or short); (ii) active trading or the making of markets; (iii) undertaking hedging transactions; (iv) accessing information (iv) holding directorships or any other involvement, in any of the issuer, the Investment, or any derivatives or other economic equivalents thereof. You shall be deemed to accept that, on purchasing the Investment, any such conflict may exist and may be prejudicial to an investment in the financial instrument.
11. **Tax Risk.** CFSI and the Bank recommend that you take independent tax advice before committing to the purchase of any Investment. CFSI, the Bank and their affiliates and subsidiaries do not provide tax advice and therefore responsibility for any tax

implications of investing in any Investment rests entirely with you. You should note that the tax treatment will differ from jurisdiction to jurisdiction. The local tax rules in your country of tax residence will dictate the tax treatment of any income derived from the Investment. There may be tax issues in respect of the spreading of accrued income over the life of the Investment possibly giving rise to a tax payment prior to maturity of the Investment. Tax implications may also arise on redemption or in the event that the Investment is sold prior to maturity. You will assume, and be solely responsible for, any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any stamp duty or other like assessment or charges that may be applicable to any payment to you in respect of the Investment. Generally, the issuer will not pay any additional amounts to you to reimburse you for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Investment by the issuer or any paying agents.

12. **Subordination Risk.** Subordinated investment instruments have lower priority of claim compared to senior Investments. Subordinated Investments are subordinated to all debts of the issuer and have preference in repayment only over equity of the issuer in the event of the issuer's insolvency. Such subordinated debt will bear higher risks than senior debt of the issuer due to a lower priority of claim in the event of the issuer's insolvency.
    There are levels of subordinated debt, with senior subordinated debt having a higher claim to repayment than junior subordinated debt. Such junior subordinated debt will bear higher risks than senior subordinated debt of the issuer due to a lower priority of claim in the event of the issuer's insolvency.
    Subordination could result in no repayment to investors until all higher-ranking creditors are repaid in full.
13. **Variable Coupon Risk (for Floaters, Fixed to Floats, Resets).** You will face uncertainty on the amount of future coupon payments on an Investment that pays a variable coupon. Realizable yield on such Investments will depend on the future levels of interest rates (amongst other factors), which may be significantly different from current market expectations.
14. **Risk of investing Long Tenor Investments.** You will be exposed to higher risks when you invest in Investments with longer tenor. The prices of Investments with longer tenure will be more sensitive to changes in market factors and are more volatile in general. Where the coupon is also low or zero, such price fluctuations will be even larger.
15. **Regulatory Risk.** Changes in laws and regulations could adversely affect the value and return of the Investment. Legislation to deal with ailing banks and/or corporations may give regulators resolution powers to approve or allow the issuer and/or its parent company to have existing debt obligations absorb losses through principal write down and/or existing debt obligations exchanged for other debt or equity securities. If any such event were to occur, you may lose up to all of your initial investment in the Investment.
16. **Downgrade Risk**. Downgrades in the credit rating by rating agencies are generally accompanied by declines in the market value of these Investment. In some circumstances, investors in the bond market may anticipate such downgrades as a result of these credits being placed on "credit watch" by rating agencies, causing volatility and speculation of further credit deterioration.
17. **Economic Risk.** Relates to the general vulnerability of an Investment due to a downturn in the economy. In difficult economic environments and/or prolonged economic downturns, Investments of certain sectors / business lines / credit quality may be more susceptible to price volatility as investors may reevaluate their holdings. The concern is often associated with the underlying credit issuer's ability to repay interest and principal if an economic downturn negatively impacts the company's business.
18. **Event Risk.** This includes any of a variety of events that can adversely affect the issuer of a debt security, and therefore the issuer's ability to meet debt service obligations to repay principal and interest to Investment holders. Event risk may pertain to the issuer specifically, the industry or business sector of the issuer, or generally upon the overall economy. For example, the issuer may have a change in management, poor earnings, or difficulty obtaining additional credit to support operations. The issuer's industry sector may be experiencing financial difficulties due to increased competition, rising costs, or a changing regulatory environment. Lastly, there may be adverse geopolitical or global economic news such as a recession, changes in fiscal or monetary policies, or adverse market conditions having a direct or indirect impact on the Investment issuer and their outstanding debt.
19. **Emerging Market & High Yield Bonds.** Emerging Market Investments are corporate, sovereign and quasi-government Investments issued by corporations, government-linked entities or the governments of countries outside of the United States, Canada, Japan, Northern and Western Europe, Australia, New Zealand, Singapore and Hong Kong. Emerging Market Investments may have credit ratings issued by internationally recognized credit rating organizations such as Standard & Poor's or Moody's, have credit ratings issued by local national credit rating organizations, or may be non-rated instruments. Emerging market Investments with available credit ratings are typically rated below investment grade. These Investments normally offer a higher yield than investment grade Investments, but also present greater risks with respect to liquidity, volatility, and non-payment of principal and interest.
    High Yield Bonds are debt securities that a nationally recognized credit rating organization, such as Standard & Poor's or Moody's, has rated below "investment grade" or may be non-rated securities. These securities typically offer a higher yield than investment grade bonds, but also present greater risks with respect to liquidity, volatility, and non-payment of principal and interest. As a result of being classified as below investment grade debt, High Yield Bonds present a greater degree of credit risk relative to many other fixed income securities. High Yield Bonds normally offer a higher yield than investment grade bonds, but also present greater risks with respect to liquidity, volatility, and non-payment of principal and interest.
    The following is a more inclusive description of risks associated with Emerging Market & High Yield Investments.

(a) ***Credit Risk**:* An investment grade financial Investment has a high capacity to pay interest and repay principal with little susceptibility to adverse changes in economic conditions. Conversely, Emerging Market & High Yield Investments generally have predominantly speculative characteristics with respect to the Issuer's capacity to pay interest and repay principal. Therefore, there is greater risk of non-payment of interest and non-payment of interest and loss of principal. In fact, many issuers of Emerging Market & High Yield Investments have experienced substantial difficulties in servicing their debt obligations, which has led to defaults and restructurings. Additional risks discussed below may also increase the risk of default for an issuer of Emerging Market & High Yield Investments. Due to these risks, Issuers of these Investments generally have to pay a higher rate of interest than that which is available from investment grade debt securities issued by US corporations or municipalities.

(b) ***Liquidity & Secondary Market Risk:*** The "markets" in which Emerging Market & High Yield Investments are traded are generally more limited than those in which investment grade Investments are traded. This lack of liquidity may make it more difficult to resell these Investments and obtain market quotations. In addition, the proceeds from sales prior to maturity may be more or less than original amount invested due to changes in market conditions or changes in the credit quality of the issuer.

(c) ***Call Risk:*** High yield corporate and or Emerging Market debt securities may be subject to call by the issuer, providing the issuer the right to redeem its issued debt, fully or partially, before the scheduled maturity date of the security. In the event a security is called, an investor may be unable to reinvest the proceeds from such redemption, in an investment with similar return and risk characteristics. In many situations, reinvesting may occur in a lower interest rate environment when compared to the original issuance date of the high yield corporate and or Emerging Market debt security that was called.

(d) ***Interest Rate Risk:*** Generally, a rise in interest rates may negatively affect the price of market-traded Investments, because Investment prices tend to move counter to the direction of rates. Therefore, rising rates may cause Investment prices to decline. Additionally, Investments with longer maturities may be more sensitive to such interest rate movements.

(e) ***Volatility Risk:*** The market value of Emerging Market & High Yield Investments tend to be sensitive to developments involving the Issuer and to changes in economic conditions. Consequently, Emerging Market and High Yield Investments have greater price volatility than investment grade Investments;

(f) ***Country Risk:*** Emerging Market & High Yield Investments are vulnerable to the direct or indirect consequences of political, social or economic changes in their issuing countries. Some of these countries have historically experienced, and may continue to experience, economic and political instability, high rates of inflation, high interest rates, exchange rate volatility and difficulties with currency convertibility. Companies from emerging market countries may also be exposed to the possibility of nationalization and other adverse governmental actions, including the withholding of interest and principal repayments at the source. In the event of default, it may be difficult to obtain or enforce a judgment against an issuer of Emerging Market & High Yield Investments.

(g) ***Currency Convertibility Risk:*** Government action may prohibit the free conversion of a country's local currency. Under these conditions an issuer of Emerging Market debt securities may be prohibited from remitting U.S. dollars or other non-local currencies to satisfy interest and principal payments. Additionally, an investor may be prevented from converting local currency payments into U.S. dollars or other non-local currencies.

(h) ***Currency Risk:*** The value of investments in emerging market debt securities denominated in currencies other than the U.S. dollar / your home currency will be affected by changes in the exchange rate between the U.S. dollar / your home currency and that currency. A relative increase in the value of the U.S. dollar / your home currency may adversely affect the value of a non-U.S. dollar/ non home currency denominated debt security.

(i) ***Disclosure Risk:*** Issuers of Emerging Market & High Yield Investments may be subject to accounting and regulatory reporting standards and requirements that are generally less extensive than the standards and requirements applicable to emerging market Investments. Consequently, the availability and accuracy of public information regarding the Issuers of Emerging Market & High Yield Investments may be greatly limited.

(j) ***Downgrade Risk:*** Downgrades of Emerging Market & High Yield Investments by rating agencies are relatively higher and generally accompanied by relatively greater declines / volatility in the market value compared to developed markets / investment grade bonds.

(k) ***Economic Risk:*** The general vulnerability of Emerging Market & High Yield Investments due to a downturn in the economy is higher than developed markets / investment grade bonds. In difficult economic environments, Emerging Market & High Yield Investments may be more susceptible to price volatility as investors may reevaluate holdings in lower-quality bonds in favor of developed markets / investment-grade bonds. This is often referred to as a "flight to quality".

(l) ***Event Risk:*** Emerging Market & High Yield Investments may be subject to a wider variety and/or frequency of event risk that can adversely affect the issuer, and therefore the issuer's ability to meet debt service obligations to repay principal and interest to bond holders. For example, emerging market issuers may operate in a relatively more challenging or riskier industry, business sector, overall economy / country and a lower-quality issuer may have more difficulty obtaining additional credit to support operations. Emerging Market & High Yield Investments issuers may be more susceptible to experiencing financial difficulties due to increased competition, rising costs, or a changing regulatory environment and may be relatively more exposed to adverse geopolitical risks and market conditions or higher economic risks such as a recession.

20. **<u>Perpetual Bonds</u>.**

(a) ***No stated maturity:*** Perpetual securities usually have no stated maturity (though some may have a fixed maturity date) and are usually not redeemable at the Investment holder's option.
Perpetual securities are usually callable solely at the discretion of the issuer. If such security is called by the issuer, investors may not be able to reinvest the proceeds from such early redemption in other investments with similar return and risk characteristics. If such security is not called by the issuer, there may be no stated maturity for investors to recover their principal. In such case, investors can only sell the security in the secondary market which may have limited liquidity. This could result in the loss of some or all of the amount originally invested depending on prevailing market conditions.

(b) ***Subordination Risk:*** Perpetual securities are usually subordinated to all debt and have preference in repayment only over equity. Such Investments will bear higher risks than senior Investments of the issuer due to a lower priority of claim in the event of the issuer's insolvency.
There are levels of subordinated debt, with senior subordinated debt having a higher claim to repayment than junior subordinated debt. Such junior subordinated debt will bear higher risks than senior subordinated debt of the issuer due to a lower priority of claim in the event of the issuer's insolvency.
Subordination could result in no repayment to investors until all higher-ranking creditors are repaid in full.
Subordinated Investments have lower priority of claim compared to senior Investments. Subordinated Investments are subordinated to all debts of the issuer and have preference in repayment only over equity of the issuer in the event of the issuer's insolvency. Such subordinated debt will bear higher risks than senior debt of the issuer due to a lower priority of claim in the event of the issuer's insolvency.
There are levels of subordinated debt, with senior subordinated debt having a higher claim to repayment than junior subordinated debt. Such junior subordinated debt will bear higher risks than senior subordinated debt of the issuer due to a lower priority of claim in the event of the issuer's insolvency.
Subordination could result in no repayment to investors until all higher-ranking creditors are repaid in full.

(c) ***Coupon Deferral Risk:*** Certain provisions may be included in the offering documents for perpetual securities that enable interest and principal payments to be deferred while the issuer continues in operation. Payments of interest may be non-cumulative. In other words, there may be no requirement for a missed payment to be made up.

(d) ***Price/Volatility Risk:*** Prices of perpetual securities tend to be more volatile than those of senior debt. Thus, the investor must be able to withstand large price movements.

(e) ***Non-call Risk:*** Perpetual securities are usually callable solely at the discretion of the issuer. If the perpetual security is not called, there may be no stated maturity for investors to recover their principal. In such case, investors can only sell the security in the secondary market. This could result in the loss of some or all of the principal originally invested. In case security is not called back, the coupon may be changed as defined in the offering documents.

(f) ***Conversion Risk:*** Perpetual securities may be exchanged by the issuer to other securities including but not limited to preference shares as detailed in the offering documents.

ADDITIONAL DISCLOSURES & DISCLAIMERS

1. **Fees/Transaction Costs.** The Client's returns from a transaction may be affected by transaction costs. CFSI and the Bank may make or receive a fee, commission and/or other compensation (in cash or in kind) in connection with the purchase, sale and other services related to the Client's purchase, sale and investment in the instrument. Salespersons and employees of the related entities may also be paid a fee or otherwise receive a commission or other compensation (in cash or in kind) in connection with the purchase/sale of the investment. Additionally, CFSI may be paid out of the proceeds of the purchase or sale transaction an upfront fee/arrangement fee as broker in this transaction which is calculated based on the difference between the Client's agreed purchase/sale price and the price CFSI purchased/sold the investment from a counterparty.
2. **Portfolio Diversification.** Portfolio diversification is an important element for an individual to consider when making investment decisions. Concentrated positions may entail greater risks than a diversified portfolio. Certain factors that affect the assessment of whether your overall investment portfolio is sufficiently diversified may not be evident from a review that only includes the Client's Citi account(s). It is therefore important that the Client carefully reviews his/her/their entire investment portfolio to ensure that it meets the Client's investment goals and is within his/her/their risk tolerance, including his/her/their objectives for asset and issuer diversification.
3. **Several Clients.** In the event that the Client consists of two or more persons, then if they are under an "or" or "and/or" arrangement, CFSI and the Bank may follow the instruction of any one Client without need to obtain the consent of the other(s). Regardless of whether they are under an "or" or "and/or" arrangement, however, each such person constituting the Client agrees to be fully liable for the entire obligation to CFSI and the Bank under this instruction form. CFSI and the Bank may sue any one or all of such persons for the entire obligation.
4. **Role of CFSI.** CFSI acts as Broker in buying, selling, and executing any instructions pertaining to investment in financial instruments, securities and other financial products on behalf of its clients.
5. **No Verification of Issuer's Documents.** Issuer's Documents such as the prospectus, offering circular and summary terms have been prepared solely by the Issuer. CFSI and the Bank had no participation whatsoever in the preparation of the Issuer's documents and consequently assume no responsibility whatsoever for any error or misstatement therein. CFSI and the Bank have not separately verified the information relating to the Investment contained in documents issued by the Issuer including, but not limited to the Issuer's Documents. Accordingly, no representation, warranty or undertaking, express or implied, is made as to the accuracy or completeness of such information and no responsibility is accepted by CFSI and the Bank for any direct, indirect, or consequential losses arising from its use.
6. **Receipt of Notices**. In respect of any Notice to a Client issued in respect of the financial instruments, securities and other financial products, CFSI shall use its reasonable endeavors to deliver such notice to the Client on a timely basis. CFSI shall not be liable to the Client for any interest or compensation in the event of any delayed delivery of such Notice.
7. **Legal Capacity.** The financial instruments, securities and other financial products are available only to individuals 18 years of age and above.
8. **Other Tax Matters.** There are tax and other legal and regulatory risks and consequences that the Client should consider in evaluating any investment in the financial instruments, securities and other financial products. The Client is advised to consult with his/her/their own independent legal counsel and tax consultant and consider the legal, financial and tax related risks of investing in these financial instruments, securities and other financial products through CFSI as his/her/their broker. All taxes and charges arising out of or in connection with the financial instruments, securities and other financial products shall be for the account and sole responsibility of the Client. The Client agrees not to hold CFSI responsible for any reduction due to taxes or any depreciation in the amount or value of the financial instruments, securities and other financial products.
9. **Information Reporting to Bureau of Internal Revenue**. CFSI may be required to provide the Client's full account name, tax identification number and coupon payment details or related information as may be needed to comply with applicable tax regulations requiring withholding agents, such as bond issuers, to submit a list of payees of income payments subject to withholding tax.
10. **Custodian, Registry or Depository.** The financial instruments, securities and other financial products are lodged with any one of a third party custodian, registry or a depository, in CFSI's Omnibus Account FAO various CFSI customers or in a CFSI FAO client name account or in a client's named account, as the case may be. The Client acknowledges that he/she/they is/are responsible for giving notice to CFSI and the Bank as well as the custodian, registry or depository if there is any change to any of his/her/their email address, mailing address, telephone number and other personal details (e.g., nationality, tax status, etc.). CFSI shall not be liable to the Client (i) for any loss, cost or damage resulting from any act or omission, failure or negligence of the custodian, registry or depository, having an encumbrancer take possession of, or execution, sequestration or other process levied at or enforced against a material part of the custodian's, registry's or depository's assets or their insolvency, bankruptcy, liquidation or similar proceeding of or involving such custodian, registry or depository; (ii) for any loss, cost or damage or unavailability of the financial instruments, securities and other financial products occurring at such accounts due to the act or omission of the custodian, registry or depository or third parties' actions against such custodian, registry or depository or the Client; and (iii) for any loss, cost, damage due to the failure of the Client to give timely notice of his/her/their email address, mailing address and other personal details to CFSI, Citibank® or its successor and assign, the custodian, registry or depository.

CFSI IS PROVIDING THE FOLLOWING RISK DISCLOSURES AS A SERVICE TO ITS CLIENTS WHO ARE CONSIDERING AN INVESTMENT IN FUNDS. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH AN INVESTMENT. THESE RISKS ARE NOT, AND ARE NOT INTENDED TO BE, A COMPLETE LIST OF ALL RISKS AND CONSIDERATIONS RELEVANT TO AN INVESTMENT OR YOUR DECISION TO PURCHASE OR SELL AN INVESTMENT. PLEASE DIRECT ANY QUESTIONS YOU MAY HAVE TO YOUR RELATIONSHIP MANAGER/RELATIONSHIP OFFICER.

THE FUND INDICATED IN THE INVESTMENT DETAILS SECTION IS ESTABLISHED AND MANAGED BY A THIRD PARTY TRUST DEPARTMENT OF A BANK, A FINANCIAL INSTITUTION OR AN INVESTMENT COMPANY (ISSUER OR TRUSTEE OR FUND MANAGER) AND ARE NOT IN ANY WAY AFFILIATED OR CONNECTED WITH CITICORP FINANCIAL SERVICES AND INSURANCE BROKERAGE PHILIPPINES, INC. (CFSI) AND THE BANK OR ANY OF THEIR AFFILIATES, SUBSIDIARIES OR REPRESENTATIVE OFFICES. THE FUNDS ARE NOT DEPOSITS, NEITHER ARE THEY OBLIGATIONS OF, NOR GUARANTEED, ISSUED, OR INSURED BY CFSI, CITIBANK®, OR ITS SUCCESSOR AND ASSIGN, UNIONBANK. THE FUNDS ARE NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC OR ANY OTHER GOVERNMENT AGENCY, UNLESS OTHERWISE SPECIFICALLY STATED IN WRITING.

1. **Interest Rate Risk.** This is the potential for an Investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of debt instrument changes inversely with prevailing interest rates. The Funds, being marked-to-market, are affected by changes in interest rates thereby affecting the value of fixed income investments such as bonds. Interest rate changes affect fixed income securities inversely, i.e. as interest rates rise, bond prices fall and when interest rates decline, bond prices rise. As prices of bonds in a Fund adjust to a rise in interest rates, the Fund's unit price may decline. Investment in government securities in Philippine Peso, although considered credit risk-free, is subject to interest rate risk.
2. **Market / Price Risk.** This is the potential for an Investor to experience losses due to changes in market prices of securities (e.g. bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. It is the risk of the Funds to lose value due to a decline in prices of the underlying securities, which may sometimes happen rapidly or unpredictably. The value of investments fluctuate over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc. As a result the Net Asset Value per Share (NAVPS) may increase to make profit or decrease to lose money. When the Fund is redeemed or sold, CFSI and the Bank do not accept any liability for losses arising from the performance of the Fund or the underlying investments.
3. **Liquidity Risk.** This is financial risk due to inability to sell or convert assets into cash quickly or in instances where conversion to cash is possible but at a loss. It is caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buyers/sell activity, suspension of trading, extreme market conditions, underdeveloped capital market, or events commonly known as "force majeure. Liquidity risk occurs when certain securities in the Fund may be difficult or impossible to sell at a particular time which may prevent the redemption of investment in the Fund until its assets can be converted to cash. Even Government Securities, which is the most liquid of fixed income securities, may be subjected to liquidity risk particularly if a sizeable volume is involved.
4. **Credit Risk.** This refers to the risk of loss due to a borrower's failure to repay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued. This inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition, thus, lowering credit quality of the security resulting to a decline in price (Market/Price risk) and difficulty in selling such security. It also includes risk on a counterparty (a party that the Fund Manager trades with), defaulting on a contract to deliver its obligation either in cash or securities. Credit Risk is the risk of losing value in the Fund in the event the borrower defaults on his obligation, or in the case of counterparty, when it fails to deliver on the agreed trade. This decline in the value of the Fund happens because the default/failure would make the price of the security decrease and may make the security difficult to sell. Consequently, the Fund's NAVPS will also decline in value.
5. **Settlement Risk.** Upon subscribing to the Fund, the Investor assumes all settlement risks relating to the Issuer or Trustee or Fund Manager of the Fund failing to settle the subscription amount on Trade Date, and unless otherwise provided for: (a) In the event the Issuer or Trustee or Fund Manager of the Fund fails or is unable to issue, sell, or settle the Fund subscription or Settlement Date, CFSI will credit the subscription amount paid by the Investor to the Investor's nominated bank account (for purchases) or credit the position on the Fund to the investor's account (for sales) without liability for any interest accrued or further payment to the Investor; (b) Investors should be aware that upon placing an order for the purchase of or otherwise subscribing to the Fund, the Investor's account may be debited the subscription amount (and any applicable fees and charges, as specified) and the date of debiting of funds may be on a date that is earlier than the applicable Trade Date or Settlement Date. By subscribing to the Fund, Investors acknowledge that CFSI and the Bank shall not be liable to the Investor for any interest or compensation otherwise for such authorized debits from the Investor's account; and; (c) With respect to any Redemptions, funds accruing to the Investor will be credited to the Investor's account only after actual receipt and processing of cleared funds by CFSI from the Issuer or Trustee or Fund Manager of the Fund. This process may result in a payment to the Investor on a date subsequent to any stated Redemption Date. CFSI and the Bank shall not be liable to the Investor for any interest or compensation otherwise in the event of any delayed payment or credit to the Investor's account. (d) Any dividend payment funds accruing to you will be credited to your nominated bank account only after actual receipt and processing of cleared funds by CFSI from the Issuer or Trustee or Fund Manager of

the Fund. This process may result in a payment to you on a date subsequent to any stated dividend payment date. CFSI and the Bank shall not be liable to you for any interest or compensation otherwise in the event of any delayed payment or credit to the Investor's account.

6. **Sovereign Risk.** Payment of the Fund may be affected by the economic and political events in the country of the relevant Issuer or Trustee or Fund Manager of the Fund. The occurrence of a sovereign risk event could result in the loss of all or a portion of the principal invested should, as a result of any economic or political or other circumstance, payment may be made in the local currency of the country of the relevant Issuer or Trustee or Fund Manager of the Fund instead of the original invested currency.
7. **Foreign Exchange Risk.** Investors investing in the Fund denominated in non-local currency are subject to risk of exchange rate fluctuations that may cause a loss of principal
8. **Past Performance Risk.** The past performance of the Fund is not indicative of future performance, and should not be the sole basis for the Client's decision to invest.
9. **Management Risk.** The Funds are subject to management risk because they are actively managed investment portfolios. The Issuer or Trustee or Fund Manager will apply investment techniques and risk analysis in making portfolio decisions, however, there are no guarantees that these will produce the intended results.
10. **Regulatory Risk.** The operation of the Funds is subject to various regulations governing areas such as accounting and taxation. There is a risk that regulators may change the current rules or impose new one, leading to a negative impact on the Fund's investments and returns. For example, the imposition of higher taxes would lower the Fund's returns.
11. **Other Risks**. This disclosure is not a comprehensive listing of all risks involved in the intended transactions. There may be other risks not included herein, which are associated with more complex structures of financial instruments, securities and other financial products and may involve a high risk of loss. Investor is advised to consult with his own legal, regulatory, tax, financial and accounting advisors.

ADDITIONAL DISCLOSURES & DISCLAIMERS

1. **Fees/Transaction Costs**. The Client's returns from a transaction may be affected by transaction costs. CFSI and the Bank may make or receive a fee, commission and/or other compensation (in cash or in kind) in connection with the purchase, sale and other services related to the Client's purchase, sale and investment in the Fund. Salespersons and employees of the related entities may also be paid a fee or otherwise receive a commission or other compensation (in cash or in kind) in connection with the purchase/sale of the Fund. Additionally, CFSI receives distribution fee from the Fund Provider.
2. **Portfolio Diversification**. Portfolio diversification is an important element for an individual to consider when making investment decisions. Concentrated positions may entail greater risks than a diversified portfolio. Certain factors that affect the assessment of whether the Client's overall investment portfolio is sufficiently diversified may not be evident from a review that only includes the Client's Citi account(s). It therefore is important that the Client carefully review his/her/their entire investment portfolio to ensure that it meets his/her/their investment goals and is within his/her/their risk tolerance, including his/her/their objectives for asset and issuer diversification.
3. **Several Clients**. In the event that the Client consists of two or more persons, then if they are under an "or" or "and/or" arrangement, CFSI and the Bank may follow the instruction of any one Client without need to obtain the consent of the other(s). Regardless of whether they are under an "or" or "and/or" arrangement, however, each such person constituting the Client agrees to be fully liable for the entire obligation to CFSI and the Bank under this instruction form. CFSI and the Bank may sue any one or all of such persons for the entire obligation.
4. **Role of CFSI**. CFSI acts as Broker in buying, selling, and executing any instructions pertaining to investment in financial instruments, securities and other financial products on behalf of its clients.
5. **No Verification of Issuer's Documents**. Fund documents such as the prospectus, explanatory memorandum, fund fact sheet and other materials have been prepared solely by the Fund Provider. CFSI and the Bank had no participation whatsoever in the preparation of the Fund Provider's documents and consequently assume no responsibility whatsoever for any error or misstatement therein. CFSI and the Bank have not separately verified the information relating to the investment contained in documents issued by the Fund Provider including, but not limited to the Fund documents. Accordingly, no representation, warranty or undertaking, express or implied, is made as to the accuracy or completeness of such information and no responsibility is accepted by CFSI and the Bank for any direct, indirect, or consequential losses arising from its use.
6. **Receipt of Notices**. In respect of any Notice to a Client issued in respect of the financial instruments, securities and other financial products, CFSI shall use its reasonable endeavors to deliver such notice to the Client on a timely basis. CFSI shall not be liable to the Client for any interest or compensation in the event of any delayed delivery of such Notice.
7. **Legal Capacity.** The financial instruments, securities and other financial products are available only to individuals 18 years of age and above.
8. **Other Tax Matters.** There are tax and other legal and regulatory risks and consequences that the Client should consider in evaluating any investment in the financial instruments, securities and other financial products. The Client is advised to consult with his/her/their own independent legal counsel and tax consultant and consider the legal, financial and tax related risks of investing in these financial instruments, securities and other financial products through CFSI as his/her/their broker. All taxes and charges arising out of or in connection with the financial instruments, securities and other financial products shall be for the account and sole responsibility of the Client. The Client agrees not to hold CFSI responsible for any reduction due to taxes or any depreciation in the amount or value of the financial instruments, securities and other financial products.
9. **Fund only Single Investor Holdings.** No single investor should hold ten (10%) or more of the Total Net Asset Value of the Fund. Should that occur, the single investor undertakes to redeem in full his/her holdings in the Fund within 1 – 2 business day/s upon notice.