The Flexibility To Increase Returns With Wealth Lending

standard chartered priority

Financial flexibility, whatever your needs.

Maximise opportunities with Wealth Lending[1]

As an investor, you appreciate how greater liquidity can help you maximise returns on new opportunities.
A Wealth Lending facility ("Facility") provides the flexibility to capitalise your assets and take full advantage of promising investments – or fund your personal needs.

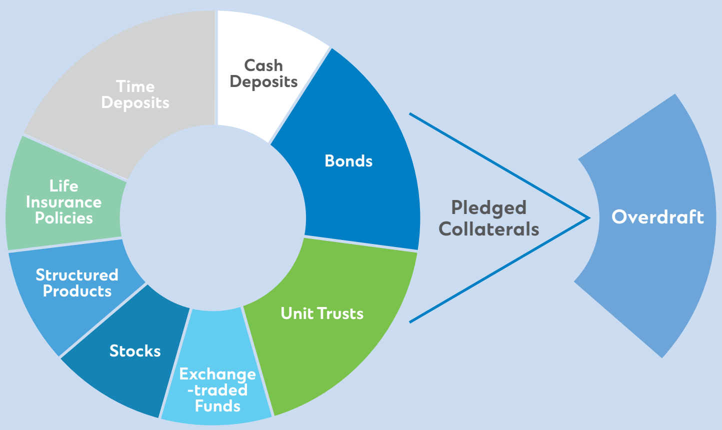
Features of Wealth Lending:

Facility to maximise your liquidity by unlocking the value of your long tenor assets, instead of selling existing investments.
A wide range of assets held with the Bank may be used as collateral[2].
Available in many currencies to hedge against foreign currency exposure.
The flexibility to draw down the Facility in a different currency to that of your asset[3].
No restriction on the use of the Facility for financing investment opportunities or increasing personal liquidity[4].
Switch between any of the available currencies.
Freedom to pay off amounts withdrawn from the Facility partially or in full.
Attractive lending interest rates are applied only to funds you have utilised.
In-principal approval for Facility of up to US$3 million[5].

[1] Wealth Lending Facility is available by application and is dependent on meeting suitability requirements.
[2] The types of collateral acceptable to the Bank may be reviewed from time to time. Loan-To-Value ratio (LTV) is computed as a percentage of the prevailing market value of the assets pledged to the Bank.
[3] Cross currency haircuts applicable.
[4] It is important to note that this will also magnify any losses.
[5] The credit limit available to a Borrower is subject to the Bank's internal assessment and valuation, which may be reviewed from time to time.

Harness the potential of Wealth Lending

Take full advantage of opportunities with Wealth Lending, an overdraft facility fully secured by approved financial assets held with the Bank, up to a percentage of their prevailing market value.



Acceptable Collaterals#

1. Cash Deposits
2. Time Deposits
3. Exchange-traded Funds
4. Stocks
5. Unit Trusts
6. Bonds
7. Structured Products
8. Life Insurance Policies

Available Loan Currencies#

1. Singapore Dollar (SGD$)
2. United States Dollar (USD$)
3. Hong Kong Dollar (HKD$)
4. Japanese Yen (JPY¥)
5. Euro (EUR€)
6. Pound Sterling (GBP£)
7. Australian Dollar (AUD$)
8. New Zealand Dollar (NZD$)
9. Swiss Franc (CHF₣)

Your available credit limit under this Facility will be determined based on a range of factors, such as the type of financial assets you use as security (pegged to the prevailing market value) and the concentration of financial assets within your portfolio held with the Bank.

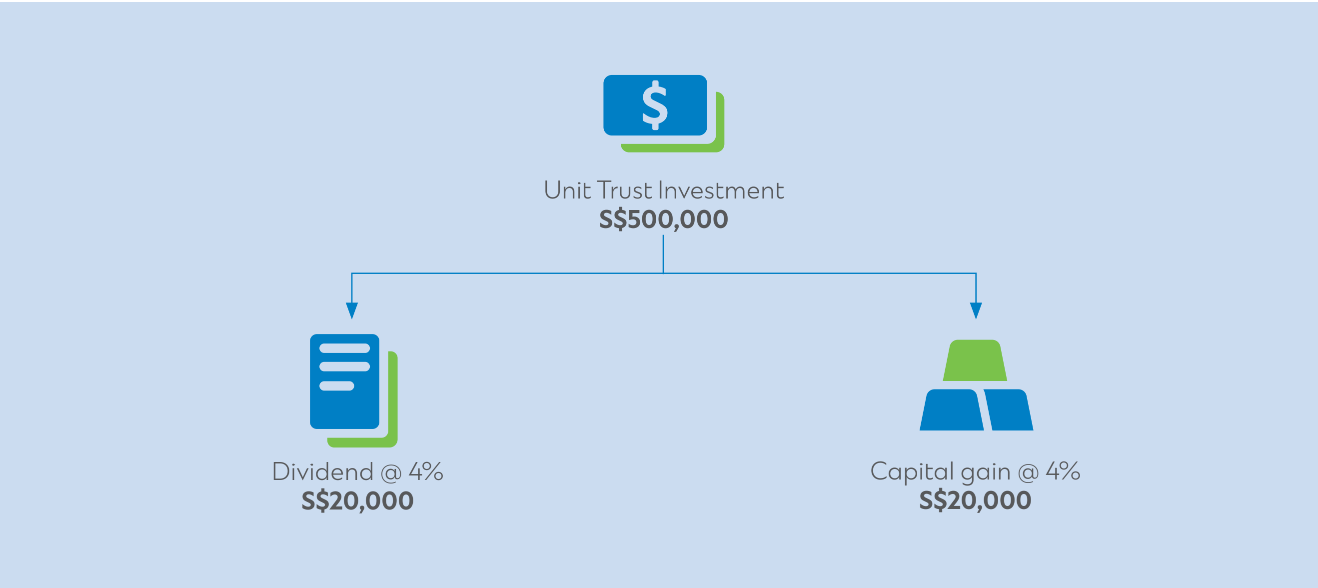
The credit limit available to you, as a Borrower, is subject to the Bank's internal assessment and valuation, which may be reviewed from time to time.

#Acceptable Collaterals and Available Loan Currencies are subject to the Bank's internal assessment and valuation, which may be reviewed from time to time.

Wealth Lending Example

Unit Trust Investment without Wealth Lending*

Assuming you have S$500,000 to invest in a Unit Trust that pays a dividend of 4% per annum and achieves a capital gain of 4%:



Your annual return on capital would be 8%.

Dividend		Capital gain		Annual interest		Net return
S$20,000	+	S$20,000	–	S$0	=	S$40,000
4% of S$500,000		**4% of S$500,000**		**Not applicable**		**8% of S$500,000**

* This example is for illustrative purposes only.

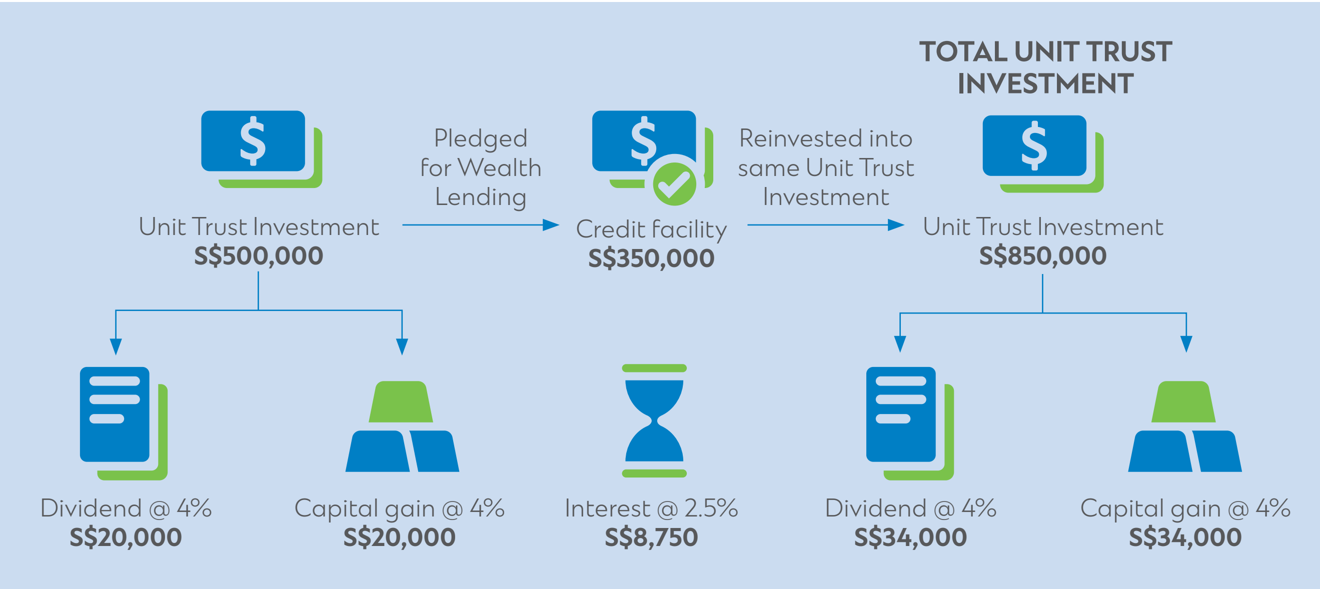
Wealth Lending Example

Unit Trust Investment with Wealth Lending*

Assuming the invested Unit Trust has a Loan-To-Value ratio (LTV) of 70%, a credit facility of S$350,000 can be secured against the Unit Trust investment pledged (at an interest rate of 2.5% per annum for the purpose of illustration).

The credit facility of S$350,000 can be utilised for the same Unit Trust, a different investment, or for personal needs. Assuming the Facility is used for the same investment:

Illustration for Scenario 1A



Subject to market conditions, Wealth Lending may increase your potential gains, or magnitude of loss, as compared to investing without Wealth Lending.

Scenario 1A - Investment gained by 4%

Dividend		Capital gain		Annual interest		Net return
S$34,000	+	S$34,000	–	S$8,750	=	S$59,250
4% of S$850,000		4% of S$850,000		2.5% of S$350,000		

Scenario 1B - Investment sustained loss of 4%, annual dividend and interest rate remain unchanged

Dividend		Capital loss		Annual interest		Net loss
S$34,000	–	S$34,000	–	S$8,750	=	-S$8,750
4% of S$850,000		4% of S$850,000		2.5% of S$350,000		

Scenario 1C - Investment sustained loss of 4%, annual interest rate increased to 4% and annual dividend remains unchanged

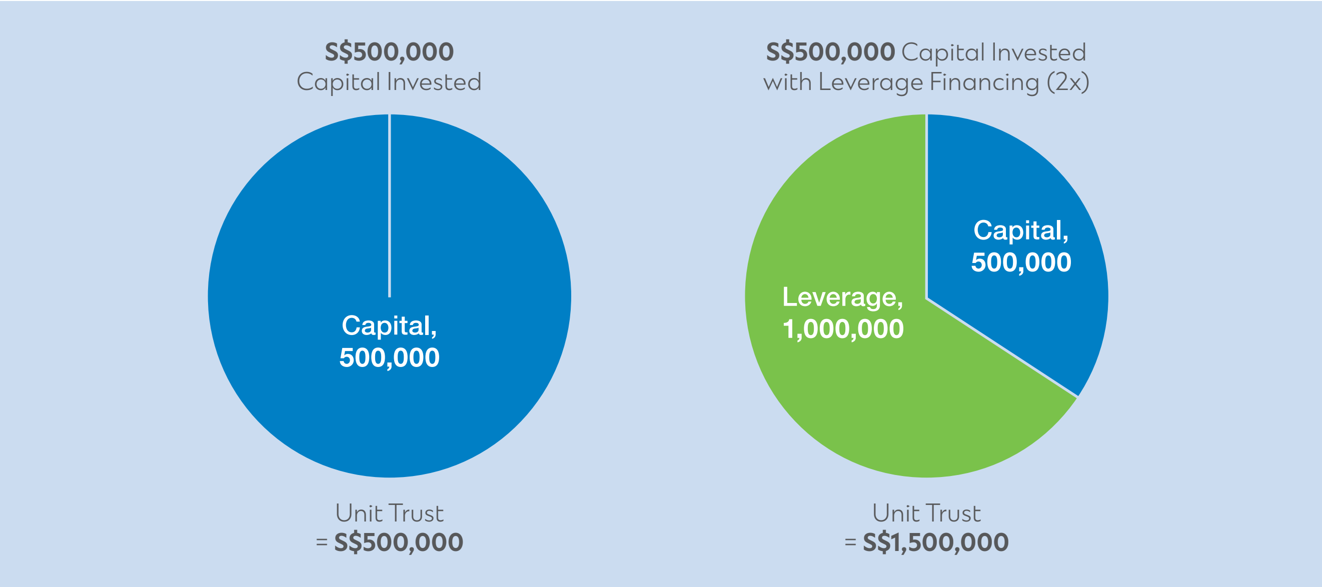
Dividend		Capital loss		Annual interest		Net loss
S$34,000	–	S$34,000	–	S$14,000	=	-S$14,000
4% of S$850,000		4% of S$850,000		4% of S$350,000		

* This example is for illustrative purposes only.

Leverage Financing

Leverage Financing is a credit facility that leverages your initial financing for the purchase of an investment product.

Leverage Financing offers the potential for capital growth acceleration.
In this example, you could benefit from investing an additional 2x the initial capital.



Leverage Financing is available by application and is dependent on meeting suitability requirements.

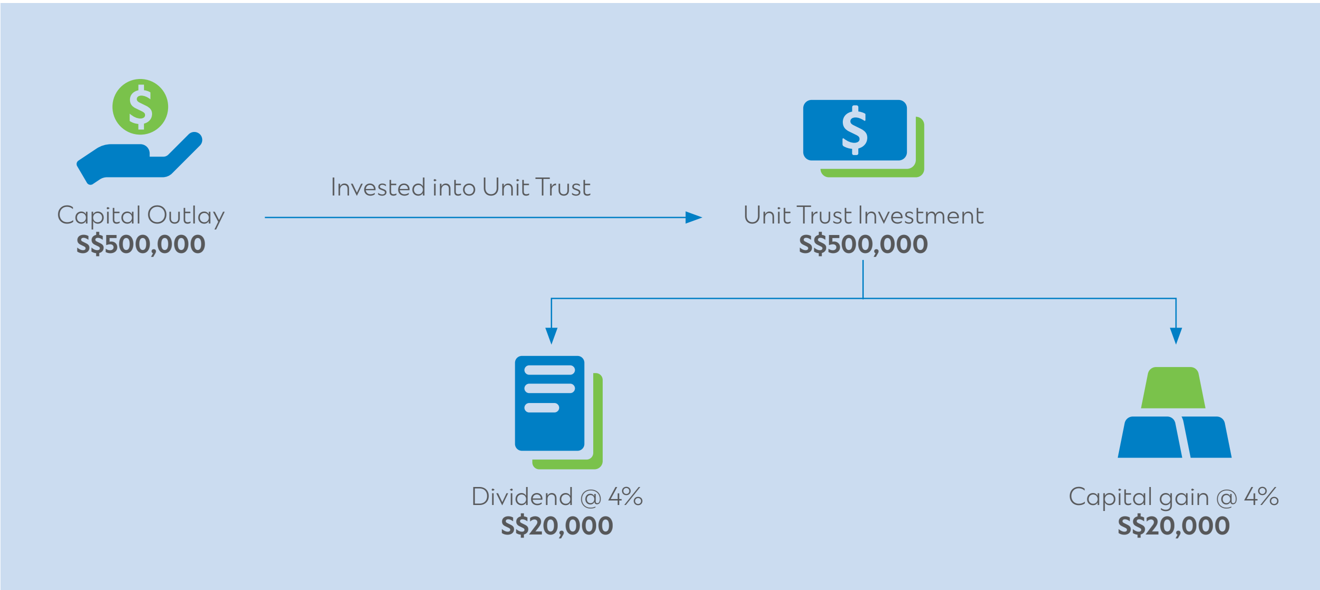
Taking up a leveraged loan to fund an investment – particularly one that is subject to market conditions – entails greater risk than funding an investment outright with your own cash.

The return on investments securing a credit facility may be less than the amount needed to service interest on the credit facility and you are responsible for paying interest on the credit facility irrespective of any return on the investment. Leverage Financing should not be used to commit to investments beyond your means. Appetite for losses should be considered before requesting leverage financing.

Leverage Financing Example

Unit Trust Investment without Leverage Financing*

Assuming you have invested S$500,000 into a Unit Trust that pays a dividend of 4% per annum and achieves a capital gain of 4%:



Your annual return on capital would be 8%.

Dividend		Capital gain		Annual interest		Net return
S$20,000	+	S$20,000	–	S$0	=	S$40,000
4% of S$500,000		**4% of S$500,000**		**Not applicable**		**8% of S$500,000**

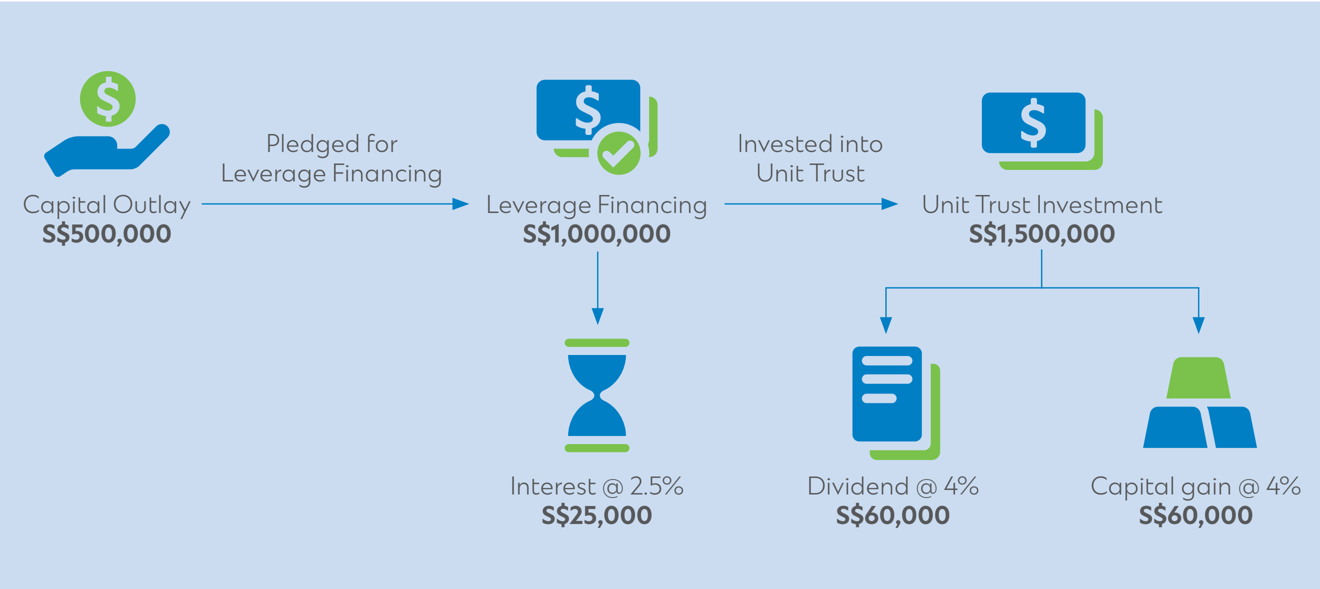
* This example is for illustrative purposes only.

Leverage Financing Example

Unit Trust Investment with Leverage Financing*

Assuming the Unit Trust investment can be leveraged an additional 2x, at an interest rate of 2.5% per annum, a Leverage Financing facility of S$1,000,000 will then be used to invest in the same Unit Trust.

Illustration for Scenario 2A



Subject to market conditions, Leverage Financing may increase your potential gains, or magnitude of loss, as compared to investing without Leverage Financing. You should ensure that you do not commit yourself to investments beyond your means. You should consider your appetite for losses before requesting for Leverage Financing.

Scenario 2A – Investment gained by 4%

Dividend		Capital gain		Annual interest		Net return
S$60,000	+	S$60,000	–	S$25,000	=	S$95,000
4% of S$1,500,000		4% of S$1,500,000		2.5% of S$1,000,000		

Scenario 2B – Investment sustained loss of 4%, annual dividend and interest rate remain unchanged

Dividend		Capital gain		Annual interest		Net loss
S$60,000	–	S$60,000	–	S$25,000	=	-S$25,000
4% of S$1,500,000		4% of S$1,500,000		2.5% of S$1,000,000		

Scenario 2C – Investment sustained loss of 4%, annual interest rate increased to 4% and annual dividend remains unchanged

Dividend		Capital gain		Annual interest		Net loss
S$60,000	–	S$60,000	–	S$40,000	=	-S$40,000
4% of S$1,500,000		4% of S$1,500,000		4% of S$1,000,000		

* This example is for illustrative purposes only.

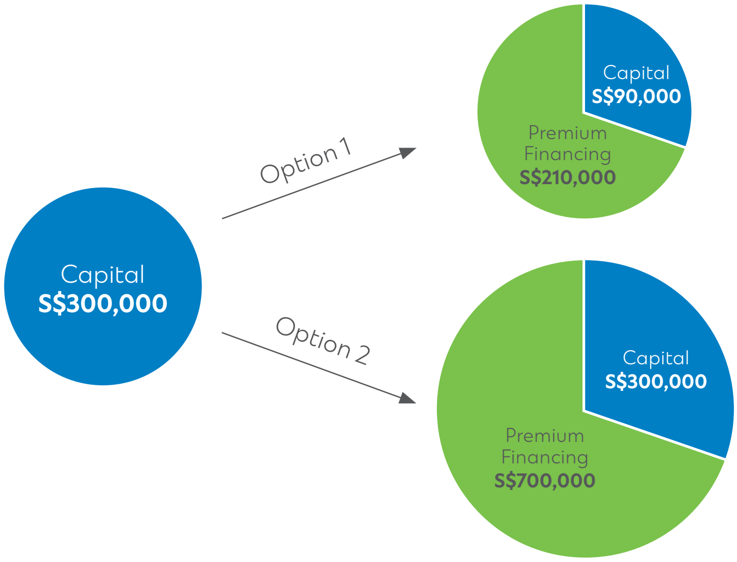
Premium Financing

Optimise coverage with a lower cash outlay

Premium Financing is a credit facility that partially funds the premiums for your life insurance policies.

You can purchase a life insurance policy without having to set aside the full cash amount upfront to pay for your insurance premium.

Through Premium Financing, you can benefit from higher cash liquidity by reducing your initial capital outlay or increase your benefits and/or coverage by injecting additional funds.



Reduced initial capital for higher cash liquidity at same benefits and/or coverage

Same initial capital with additional funding for higher benefits and/or coverage

Premium Financing is only available on application and is dependent on meeting certain suitability requirements. You will be required to service the loan interest on the Facility.

Premium Financing Example

Life Insurance Policy without Premium Financing*

Assuming you would like to purchase a life insurance policy with a single premium of S$1,000,000.

Without Premium Financing, you must set aside the full S$1,000,000 in cash to pay for the single premium amount. Your net capital return is dependent on the total cash value of the policy payable when you surrender the policy or when the policy matures, as the case may be. The total cash value comprises both guaranteed and non-guaranteed cash values.

To illustrate:

End of Policy Year	(a) Total Premium Paid-to-Date (S$)	(b) Total Cash Value (S$)	(b) - (a) Net Capital Return (S$)
1	1,000,000	900,000	-100,000
10	1,000,000	1,000,000	0
20	1,000,000	1,500,000	500,000
30	1,000,000	2,000,000	1,000,000
40	1,000,000	2,800,000	1,800,000

If the policy offers yearly cash benefits, your net capital return will be dependent on the total yearly cash benefits paid-to-date plus the total cash value of the policy payable when you surrender the policy or when the policy matures, as the case may be. The total yearly cash benefits and cash value comprise both guaranteed and non-guaranteed values. The commencement of pay-out of the yearly cash benefits will vary according to the terms of the insurance policy and may not commence from the end of the first anniversary year for the policy.

To illustrate, assuming yearly cash benefits of 1.5% per annum ("p.a.") for the policy from end of Year 2; 3% p.a. from end of Year 5; and 4% p.a. from end of Year 21:

End of Policy Year	(a) Total Premium Paid-to-Date (S$)	(b) Total Cash Value (S$)	(c) Yearly Cash Benefits Received-to-Date (S$)	(b) + (c) - (a) Net Capital Return (S$)
1	1,000,000	900,000	0	-100,000
10	1,000,000	775,000	225,000	0
20	1,000,000	975,000	525,000	500,000
30	1,000,000	1,075,000	925,000	1,000,000
40	1,000,000	1,475,000	1,325,000	1,800,000

* This example is for illustrative purposes only.

Premium Financing Example

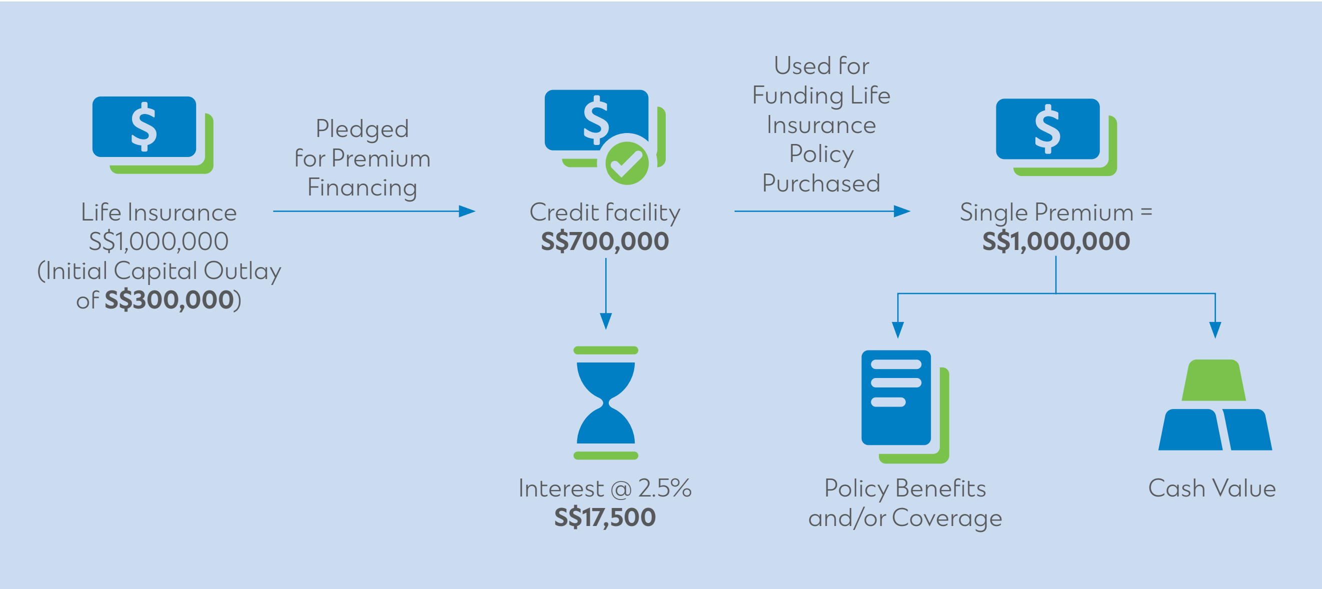
Life Insurance Policy with Premium Financing*

Assuming that the single premium life insurance policy of S$1,000,000 has a Loan-to-Value ratio (LTV) of 70%, a credit facility of S$700,000 can be secured against such policy pledged to the Bank.

With Premium Financing, you can set aside a lower initial capital outlay and fund the remaining single premium payment with the Facility. You will be required to service the loan interest on the Facility.

In this example, the initial capital outlay will be reduced from S$1,000,000 to S$300,000. Your capital can be freed up to maintain cash liquidity for other needs, including investments in other assets. Through Premium Financing, the balance amount of S$700,000 premium payment can be funded by the Facility secured against the life insurance policy. The loan interest is subject to the applicable repayment frequency and may vary from client to client.

For illustrative purposes, the following scenarios assume a loan interest rate of 2.5% p.a. unless otherwise stated (please note that the actual loan interest payable on your Facility is subject to the applicable repayment frequency and may vary from client to client):



* This example is for illustrative purposes only.

Your net capital return here will be subject to the interest payable by you under the Facility, your repayment of the principal Facility amount, as well as the cash value of the life insurance policy eventually declared by the insurer to you:

End of Policy Year	(a1) Capital Outlay (S$)	(a2) Loan Amount (S$)	(a) = (a1) + (a2) Total Premium Paid-to-Date (S$)	(b) Total Cash Value (S$)	(c) Annual Loan Interest at 2.5% p.a. (S$)	(b) - (a) - (c) Net Capital Return (S$)
1	300,000	700,000	1,000,000	900,000	17,500	-117,500
10	300,000	700,000	1,000,000	1,000,000	175,000	-175,000
20	300,000	700,000	1,000,000	1,500,000	350,000	150,000
30	300,000	700,000	1,000,000	2,000,000	525,000	475,000
40	300,000	700,000	1,000,000	2,800,000	700,000	1,100,000

Scenario 1:

Investment of the S$700,000 capital freed up by Premium Financing into assets that may potentially generate returns, illustrated here at 5% p.a.:

End of Policy Year	(a) Net Capital Return from policy (S$)	(b) Returns generated from investments of freed-up capital (assumed at 5% p.a.) (S$)	(a) + (b) Overall Net Capital Return (S$)
1	-117,500	35,000	-82,500
10	-175,000	350,000	175,000
20	150,000	700,000	850,000
30	475,000	1,050,000	1,525,000
40	1,100,000	1,400,000	2,500,000

Scenario 2:

If the policy offers yearly cash benefits, such pay-out may be used to offset the annual loan interest payable on the Facility:

End of Policy Year	(a) Total Premium Paid-to-Date (S$)	(b) Total Cash Value (S$)	(c) Yearly Cash Benefits Received-to-Date (S$)	(d) Annual Loan Interest at 2.5% p.a. (S$)	(c) – (d) Remaining Yearly Cash Benefits Received-to-Date (S$)
1	1,000,000	900,000	0	17,500	Not applicable
10	1,000,000	775,000	225,000	175,000	50,000
20	1,000,000	975,000	525,000	350,000	175,000
30	1,000,000	1,075,000	925,000	525,000	400,000
40	1,000,000	1,475,000	1,325,000	700,000	625,000

Do note that where the yearly cash benefit pay-out is zero or lower than the loan interest payable on the Facility, you will still be required to service the loan interest on the Facility.

Scenario 3:

Assuming the policy pays a death benefit of S$3,000,000, in the unfortunate event that the death benefit is payable, the death proceeds may be used to pay the outstanding Facility principal amount and loan interest, with the remaining death proceeds paid to the estate/beneficiary(ies):

End of Policy Year	(a1) Capital Outlay (S$)	(a2) Loan Amount (S$)	(c) Annual Loan Interest at 2.5% p.a. (S$)	(d) Total Death Benefit (S$)	(d) – (a2) – (c) Remaining death proceeds (S$)
1	300,000	700,000	17,500	3,000,000	2,282,500
10	300,000	700,000	175,000	3,000,000	2,125,000
20	300,000	700,000	350,000	3,000,000	1,950,000
30	300,000	700,000	525,000	3,000,000	1,775,000
40	300,000	700,000	700,000	3,000,000	1,600,000

Scenario 4:

Where there is a revision in the non-guaranteed cash value of the life insurance policy and the loan interest payable on the Facility, your Net Capital Return will be adjusted accordingly. Assuming a 5% change in the non-guaranteed cash value of the life insurance policy, resulting in a change in its total cash value by S$50,000, and a revision of loan interest rate on the Facility to 1% p.a. and 5% p.a. respectively:

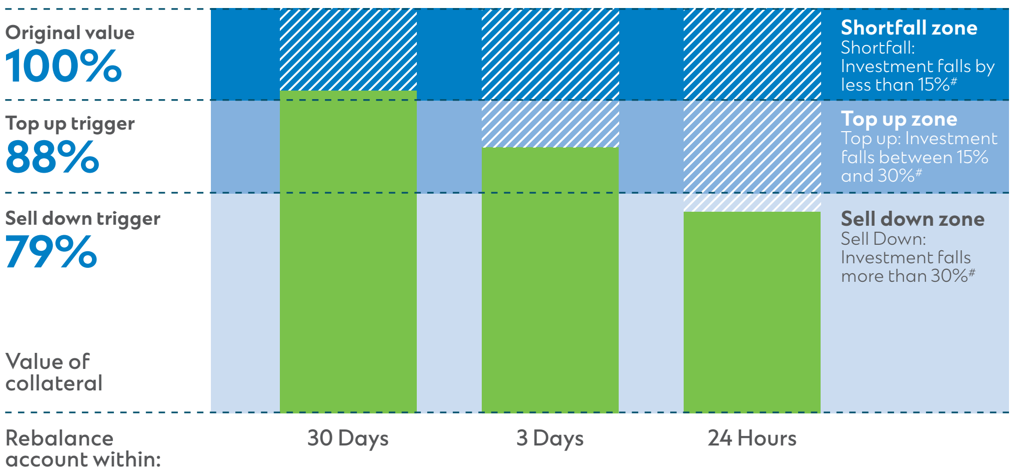
End of Policy Year	Total Cash Value (S$)	Annual Loan Interest at 2.5%p.a. (S$)	(a) Net Capital Return (S$)	Scenario where loan interest rate is revised to 1% p.a. and total cash value of the policy has increased by S$50,000			Scenario where loan interest rate is revised to 5% p.a. and total cash value has decreased by S$50,000		
				(b) Annual Loan Interest has decreased by (S$)	(c) Total Cash Value has increased by S$50,000	(a) + (b) + (c) Revised Net Capital Return (S$)	(d) Annual Loan Interest has increased	(e) Total Cash Value has decreased by S$50,000	(a) - (d) - (e) Revised Net Capital Return (S$)
1	900,000	17,500	-117,500	10,500	50,000	-57,000	17,500	50,000	-185,000
10	1,000,000	175,000	-175,000	105,000	50,000	-20,000	175,000	50,000	-400,000
20	1,500,000	350,000	150,000	210,000	50,000	410,000	350,000	50,000	-250,000
30	2,000,000	525,000	475,000	315,000	50,000	840,000	525,000	50,000	-100,000
40	2,800,000	700,000	1,100,000	420,000	50,000	1,570,000	700,000	50,000	350,000

Margin Triggers in Wealth Lending

As Wealth Lending is a credit facility secured against the value of your portfolio of collaterals with the Bank, any fall in portfolio collateral value would result in a reduction of the available credit limit for your Facility.

If the market value of the collateral falls below what the Bank considers to be adequate, a "Shortfall", "Top up", or "Sell down" Margin Trigger may occur depending on the extent of the shortfall, and your account needs to be rebalanced within a given time frame.

Assuming, for illustration purposes, that your portfolio is fully invested in a product with a Loan-To-Value ratio (LTV) of 70%. The Top up and Sell down thresholds will be as follows:



Your Margin Triggers will be determined based on the aggregate LTV of your portfolio, which depends on the composition of your investment portfolio. The Bank will determine the "Top up" and "Sell down" ratios at the Bank's absolute discretion, and these ratios may be changed without notification to the customer from time to time.

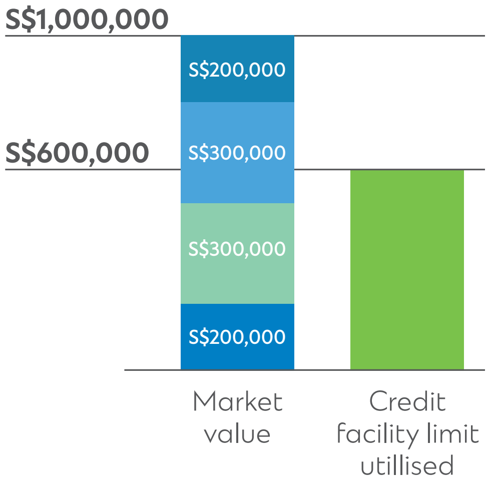
Speak to your relationship manager for a more detailed explanation of your portfolio's LTV and Margin Triggers.

For illustrative purposes only and shortfall levels may differ from client to client. This diagram is for illustrative purposes only and is not drawn to scale.

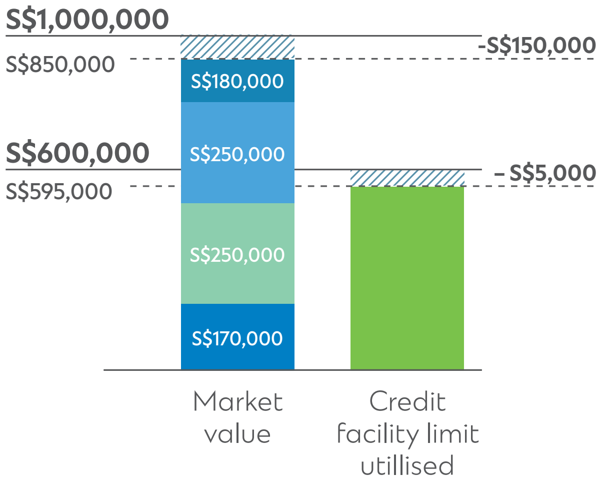
Types of Margin Triggers

If you have a portfolio of various investment products, life insurance policies and deposits, you may be able to include these as collateral. The example below illustrates the three types of Margin Triggers:

Original scenario
Assume aggregate portfolio LTV of 70%



Scenario 1: Shortfall
Portfolio value falls by up to 15%#



Unit Trust

Bond

Life Insurance Policy

Time Deposit

Shortfall

If the overall portfolio value falls into the Shortfall zone, you will be notified and required to rebalance the account within 30 days by:

- Making a repayment of at least **S$5,000**; or
- Providing additional collateral value of at least S$5,000 (subject to the Bank's internal assessment and valuation which may be reviewed from time to time) to the Bank.

You will not be able to draw down further until your account has been rebalanced.

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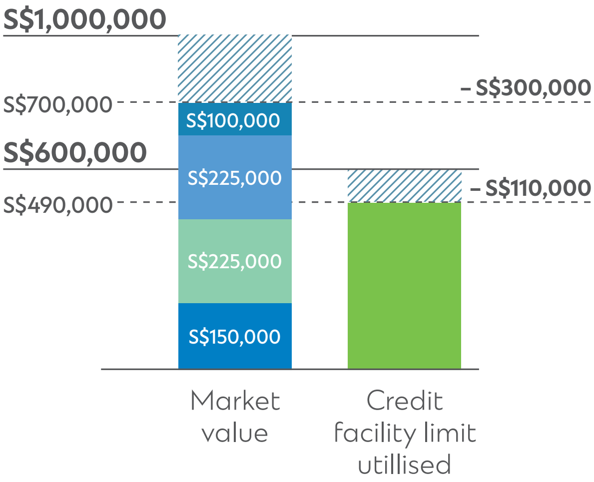
Scenario 2: Top up

Portfolio value falls between 15% and 30%#



If the overall portfolio value has fallen into the Top up zone:

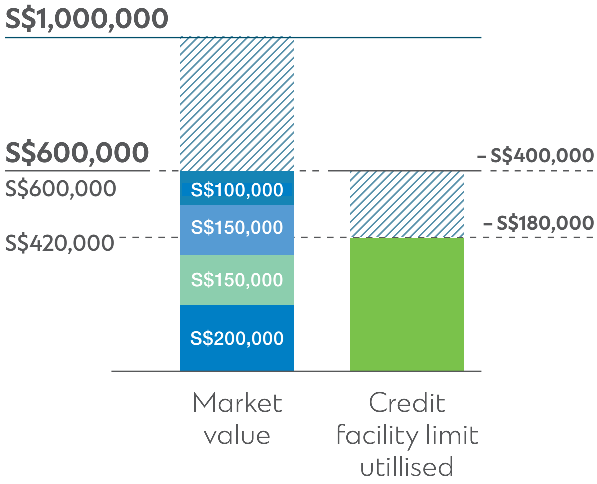
You will be notified of the need to top up your collateral within 3 days by:

- Making a repayment of at least **S$110,000**; or
- Providing additional collateral value of at least S$110,000 (subject to the Bank's internal assessment and valuation which may be reviewed from time to time) to the Bank.

In the event of failure to top up your account within the stipulated time frame, the Bank may sell your collateral pledged to the Bank without prior notice to you to cover the amount due to the Bank.

Scenario 3: Sell down

Portfolio value falls more than 30%#



If the overall portfolio value has fallen into the Sell down zone:

In this scenario, you will be notified and will be required to rebalance the account within 24 hours, either by:

- Making a repayment of at least **S$180,000**; or
- Providing additional collateral value of at least S$180,000 (subject to the Bank's internal assessment and valuation which may be reviewed from time to time) to the Bank.

If you are unable to rebalance your account, the Bank may sell your collateral pledged to the Bank without prior notice to you to pay off your outstanding credit facility.

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Risks of Wealth Lending

Entering into a Wealth Lending transaction is not without risks, such as increases in interest rates, and decreases in the value of investments or life insurance policies used as collateral. Please refer to Risk Disclosures below for some of the risks associated with Wealth Lending:

Market risks

Depending on market conditions, the value of your collateral may fall. You may then be called upon to "Top-up" your account by substantial amounts, or to repay your outstanding Facility at short notice. If you fail to do so, the Bank may have to liquidate your collateral at a loss to repay any amount outstanding. You would remain liable for any amounts still owing.

Interest rate risks

The interest rate of your Facility may increase, resulting in a higher payment amount for the Facility. An increased interest rate will reduce the return on any investment.

Foreign exchange risks

Your Facility may be subject to additional foreign exchange risks, if it is taken in a different currency to that of your collateral. If the exchange rate moves against you, the repayment amount of your Facility may be affected.

Change in credit Loan-To-Value ratio (LTV)

LTVs are subject to periodic review and may change within a short period of time. If the LTV of your collateral is reduced, you will need to have sufficient liquidity to repay your outstanding credit loan, or pledge additional collateral as security for the Facility.

Regulatory risks

A regulatory body may take action that has the effect of curtailing or placing restrictions on the Bank's ability to trade with respect to open positions or lend against investments or life insurance policies. You may consequently be required to close, reduce or rebalance your pledged portfolio with the Bank.

Please note that the above-mentioned risks are non-exhaustive. You should evaluate each risk carefully and assess if it matches your risk appetite.

Additional Risks of Leverage Financing

In addition to the non-exhaustive risks of Wealth Lending, Leverage Financing carries additional risk:

Magnified risks in potential losses

While Wealth Lending with Leverage Financing can amplify potential investment earnings, it can also magnify potential losses. You could even sustain losses that exceed the value of your original investment amount and the value of your collateral. You should ensure that you do not commit yourself to investments beyond your means – and consider your appetite for losses before requesting for Leverage Financing.

Additional Risks of Premium Financing

1. When you take up Premium Financing for your life insurance policy purchase, the policy will be assigned to the Bank. Such an assignment would mean that you cannot make any modifications to the policy, including any change in the ownership of the policy. You may deal with the policy as you wish only after you have settled the outstanding Facility and have the Bank assign the policy back to you.

2. The net return on the life insurance policy securing the Facility may be less than the amount needed to service the interest on the Facility. You are responsible for paying interest on the Facility, irrespective of the return on the life insurance policy.

3. While you may choose to use the income/cash benefit pay-out from the life insurance policy to offset the interest payable on the Facility, such option is not available for policies without income/cash benefit pay-out.

4. Premium Financing should not be used to commit to any life insurance policy beyond your means. Your appetite for losses should be considered before requesting for Premium Financing.

5. Taking up Premium Financing to fund a life insurance policy entails greater risk than funding the policy outright with your own cash. This may be due to one or more of the following reasons:
   - There may be a downward revision of the LTV and/or the non-guaranteed cash values of the life insurance policy, which will cause a decrease in the credit limit granted by the Bank which may thereafter require your immediate action to pay down the Facility.
   - The loan interest payable on the Facility is subject to fluctuations based on market conditions which may potentially increase your gains or magnitude of loss.

Mitigating the risks of Margin Triggers

Balance the risks and returns of your portfolio, and better manage the possibility of "Shortfall", "Top up" or "Sell down" Margin Trigger calls by:

- Limiting the use of your Facility to ensure that you do not commit yourself to investments beyond your means.
- Maintaining a steady income stream – independent of the collateral – to utilise at short notice for a Margin Trigger call.
- Diversifying your investment portfolio.
- Servicing your interest charges regularly.

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