

**LAND BANK OF THE PHILIPPINES  
RISK DISCLOSURE STATEMENT**

<b>Account Name</b>		
<b>Servicing Branch</b>		
<b>Investment Objective</b> (Please tick mark, as applicable.)	Speculation Growth	Preservation of Capital Long-term investment

The Land Bank of the Philippines – Treasury Brokering and Marketing Unit (TBMU) hereby informs you of the risks involved in investing in government securities, corporate securities and other investment outlets. As such investments entail different risks, it is important that before you invest in said instruments, you should:

1. fully understand the nature of the securities/investment outlets and the extent of your risk exposure;
2. read and fully comprehend this Risk Disclosure Statement completely;
3. raise queries on unclear matters; and
4. independently determine the appropriateness of said securities/investment outlets based on your other security holdings and financial situation and needs.

There are inherent risks involved in investing in government and corporate securities and other investment outlets as the value of said investments may fluctuate depending on prevailing market conditions.

Investments in government and corporate securities and other investment outlets, particularly if they are not held until maturity, do not guarantee returns and will be subject to prevailing market prices.

Following are the definitions of the various risks which your investments will be exposed to:

**Market Risk**

Market Risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of investment instruments. It arises from market-making, dealing, and position-taking in interest rate of the investment instruments.

**a. Interest Rate Risk**

This is the risk that changes in market interest rates; it will reduce current or future earnings and/or the economic value of an investment instrument.

**i. Re-pricing Risk**

This is the most common type of interest rate risk and arises from differences in the maturity of fixed-income investment instruments. This risk exposes the investment instrument's earnings and underlying economic value to changes on fluctuations in market interest rates.

**Liquidity Risk**

This risk pertains to the possibility of loss due to the lack of marketability of an investment (i.e., it cannot be bought or sold quickly enough to prevent or minimize a loss). Liquidity risk arises when, among other reasons, there are small outstanding issues of the security being bought or sold, there are no ready buyers or there is too little buy/sell activities in the market.

# CLASS B

## **Default Risk**

This is the risk you may encounter due to an issuer's inability to settle the principal and/or interest payments when they fall due. The issuer's failure may be a result of unfavorable changes in its financial standing. This risk may also involve a counterparty defaulting on an obligation to deliver cash or security in a timely manner (failed trade or delayed settlement).

Government securities, however, are practically default risk free as they are backed by the full taxing power of the National Government.

## **Reinvestment Risk**

This risk pertains to the possibility that your investment proceeds will have to be reinvested at a lower interest rate.

## **Foreign Exchange Risk**

This risk pertains to the possibility that your investment experience losses due to fluctuations in foreign exchange rates. The exchange rates depend upon a variety of global and local factors, e.g. interest rates, economic performance, and political developments. Movements in the foreign exchange rates of the currencies of the investments against the primary reference currency may substantially reduce the interest coupon/principal which the client may expect from the investment and have an adverse effect on the profit/loss position of the client.

Government and corporate securities are not deposit accounts and are, therefore, not governed nor insured by the Philippine Deposit Insurance Corporation. They are likewise not guaranteed nor insured by the Land Bank of the Philippines or its subsidiaries. Any income or loss from such investments shall be for your account. LANDBANK shall not be liable for losses unless there is willful default, bad faith or gross negligence on its part.

I/We have completely read and fully comprehend this Risk Disclosure Statement consisting of two (2) pages. Prior to affixing my/our signature/s, the same was clearly explained to me/us by the concerned LANDBANK marketing personnel. I/we hereby voluntarily and willingly agree to comply with any and all applicable laws, rules and regulations as may be amended from time-to-time, governing my/our investment in government and corporate securities and other investment outlets.

\_\_\_\_\_  
**Investor/s' Signature over Printed Name**

\_\_\_\_\_  
**Date**

I acknowledge that I have advised the investor/s to read this Risk Disclosure Statement, entertained queries on matters contained in said statement and fully explained the same to the investor/s' satisfaction.

\_\_\_\_\_  
**Branch Personnel's Signature over Printed Name**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**CFIMS' Signature over Printed Name**

\_\_\_\_\_  
**Date**