





Treasury Product Suite Meaningful Banking

1

Peso-denominated Investments

Government Securities Corporate Bonds Bank Issued Securities

2

Foreign Currency-denominated Investments

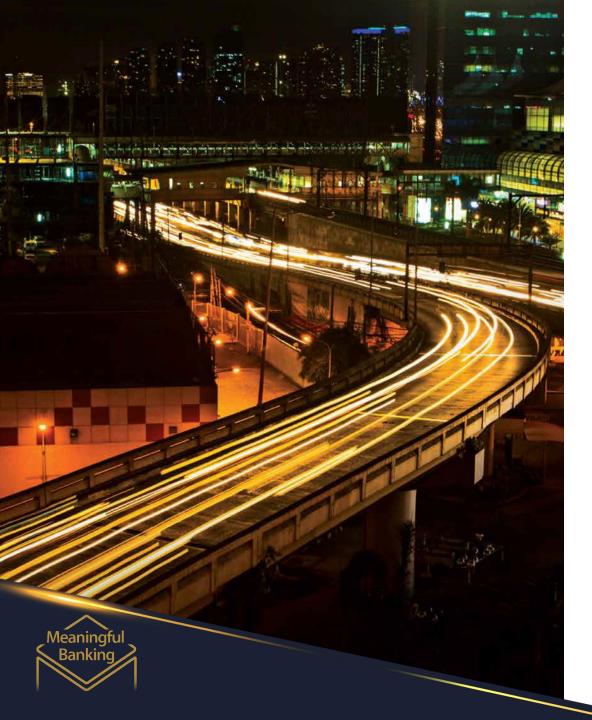
Sovereign Bonds Quasi-Sovereign Bonds Corporate Bonds

Derivatives and Structured Investments

3

Forwards Swaps Options Asset Swaps Deposit Plus





Peso-denominated Products

Government Securities

Debt instruments, issued and unconditionally guaranteed by the government

You take full credit risk on the issuer

Three types: Treasury Bills (T-bills), Fixed Rate Treasury Notes (FXTN), and Retail Treasury Bonds (RTB)

Corporate Bonds

Unsecured debt instruments, issued by top corporations with relatively strong credit rating

You take full credit risk on the issuer.

Typically issued with tenors of three to 10 years

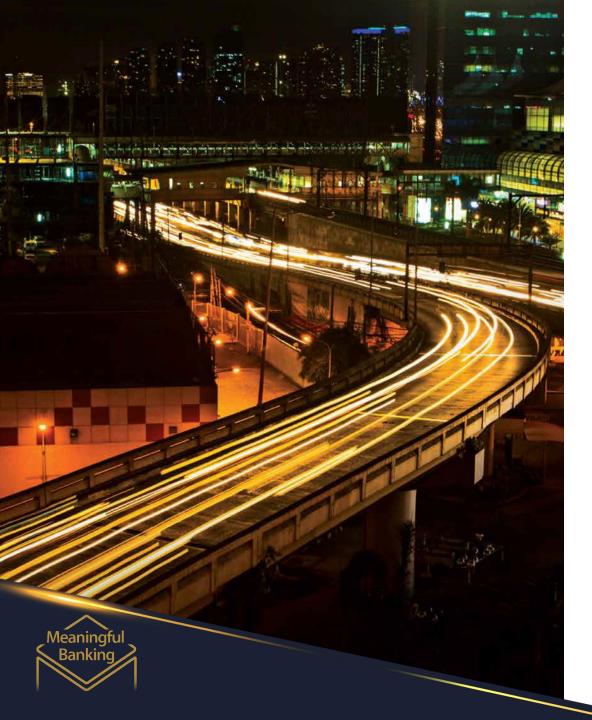
Bank-Issued Securities

Securities. issued by banks and other financial institutions

You take full credit risk on the issuing bank.

Three types: Long-Term Negotiable Certificates of Deposit (LTNCD), Tier II Capital Notes (Tier II), and Fixed Rate Bonds





Foreign Currency-Denominated Products

Sovereign Bonds

Debt instruments, issued and unconditionally guaranteed by a government You take full credit risk on the issuing government.

Sample issuers: The Philippines, Indonesia, Korea, Vietnam, Kingdom of Saudi Arabia, and Mexico

Quasi-Sovereign Bonds

Debt instruments, issued by state-owned corporations, with implicit or explicit guarantees

You take full credit risk on the issuing entity.

Sample issuers: Power Sector Assets and Liabilities Management (PSALM), Indon-Quasi Bonds

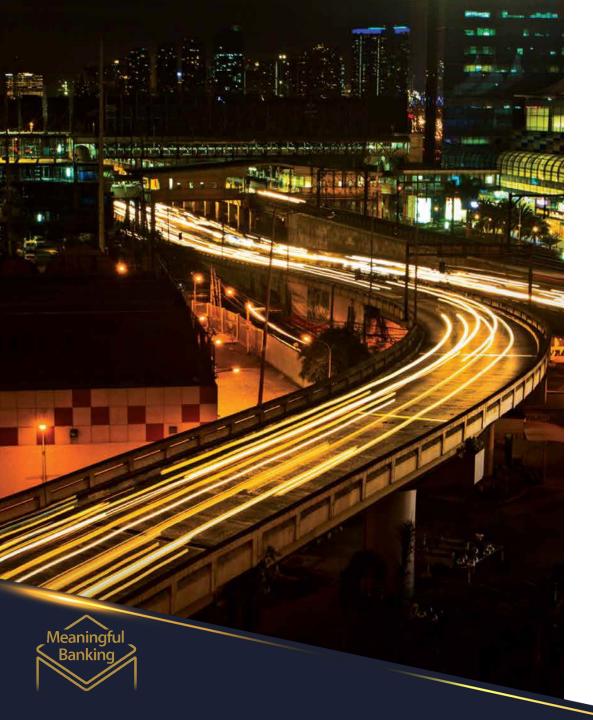
Corporate Bonds

Unsecured debt instruments, issued by top corporations with relatively strong credit ratings

You take full credit risk on the issuing corporation.

Typically issued with tenors of three to 10 years





Derivatives and Structured Investments

Forwards

A derivative contract between two parties to buy or sell an asset at a specified future time and at an agreed price

Two types: FX Forwards and Bond Forwards

Swaps

A derivative contract between two parties to exchange a series of cashflows over a specific period of time

Three types: 1) Interest Rate Swap (IRS) – Exchanges fixed cashflows to floating cashflows or vice versa; 2) Cross Currency Swap – Exchanges both principal and interest payments in two different currencies; 3) Credit Default Swap (CDS) – The seller of the CDS will compensate the buyer of the CDS in the event of default of the reference entity

Options

A derivative contract that gives the option buyer the right, but not the obligation, to buy or sell an asset at a specified date and at an agreed upon price

Three types: FX Option, Bond Option, and Interest Rate Option



Derivatives and Structured Investments

Asset Swaps

A structured peso investment on a fixed income security and a derivative (FX Forward or a Cross Currency Swap)

You get an enhanced peso yield due to the interest rate differential between the two currencies.



You have PHP and convert this into a foreign currency.





You buy a foreign currency-denominated sovereign or corporate bond.





You enter into an FX Forward or Cross Currency Swap to hedge its FX risk.

Deposit Plus

A structured peso investment composed of a time deposit and a derivative (FX Forward or a Cross Currency Swap)

You receive an enhanced peso yield due to the interest rate differential between the two currencies.



You have PHP and converts this into a foreign currency.





You invest in a time deposit with the bank.





You enter into an FX Forward or Cross Currency Swap to hedge its FX risk.











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Where We Are



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