

Nigeria: Strategy and market outlook for 2015

Standard Chartered Research

May 2015

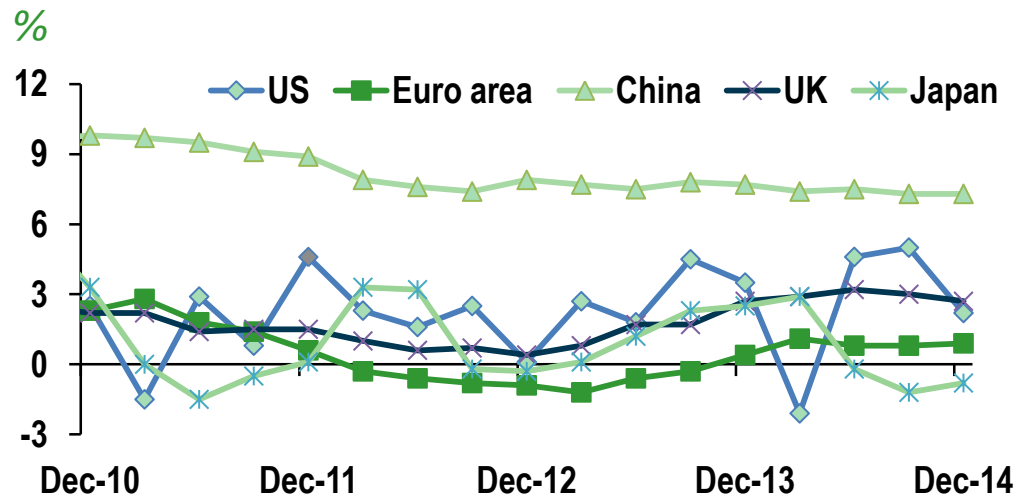


Global macroeconomics

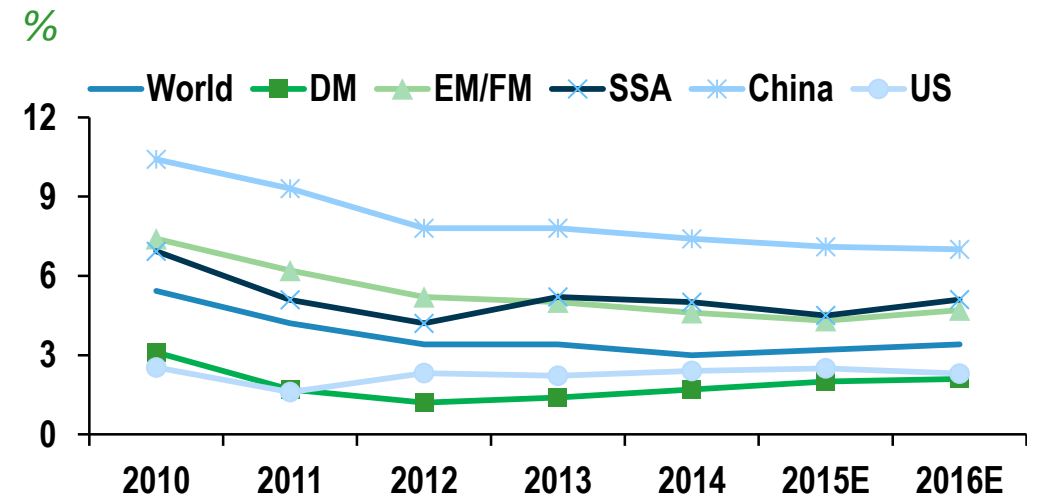
A mixed global growth outlook

- The IMF expects global economic growth to reach 3.5% in 2015, versus 3.4% in 2014
- US GDP growth is likely to accelerate and continue to outperform G7 peers'
- Emerging markets should grow faster than developed economies
- China's economy is likely to slow further, albeit modestly
- Sub-Saharan Africa (SSA) will probably grow slightly faster than emerging markets

Real GDP growth



GDP growth forecasts

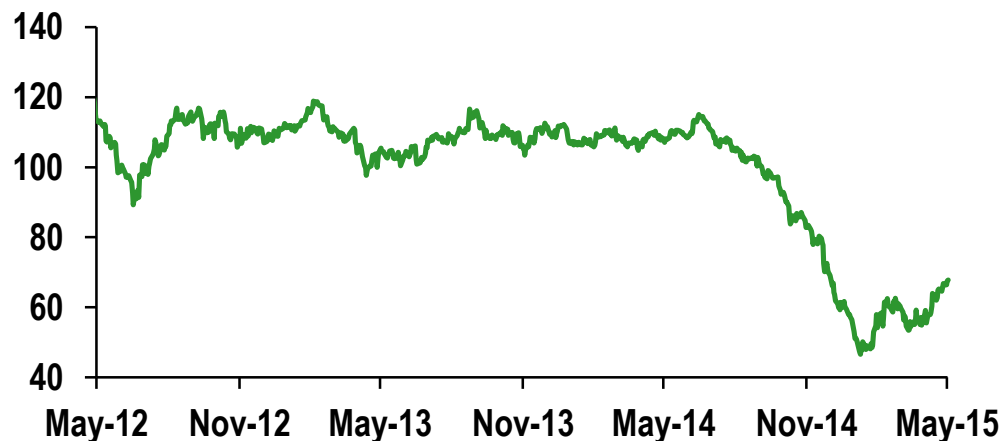


Oil prices have bottomed

- Brent oil reached a low of USD 46.6/barrel (bbl) on 13 January 2015, versus a yearly high of USD 115.1/bbl on 19 June 2014
- OPEC's decision to maintain output at 30 million barrels per day (mb/d) at its November meeting amplified the downturn
- US oil production is on a multi-year uptrend, driven by higher shale oil output
- Yet the oil price has recovered in recent months (up 18.2% YTD; USD 67.8/bbl on 6 May)
- A weaker US dollar (USD), an inflection point in US crude stockpiles and medium-term supply adjustment may support a further rebound in the oil price later this year

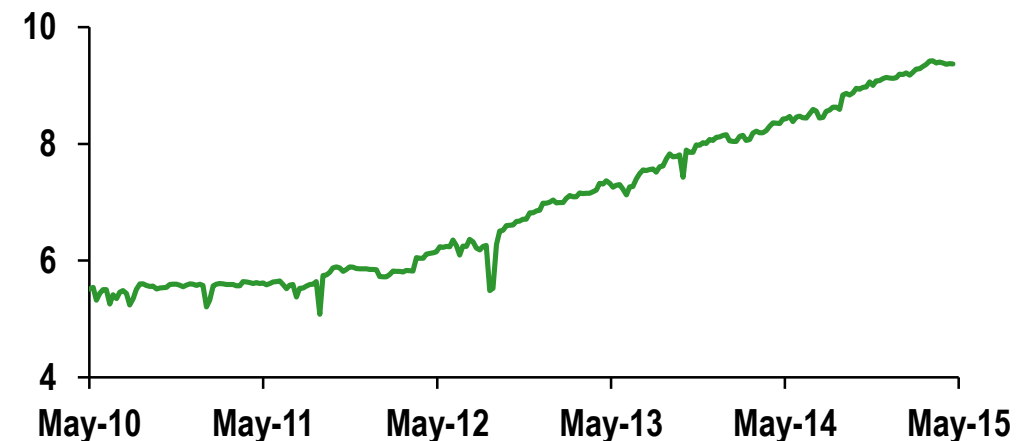
Brent oil price

USD/bbl



US oil production

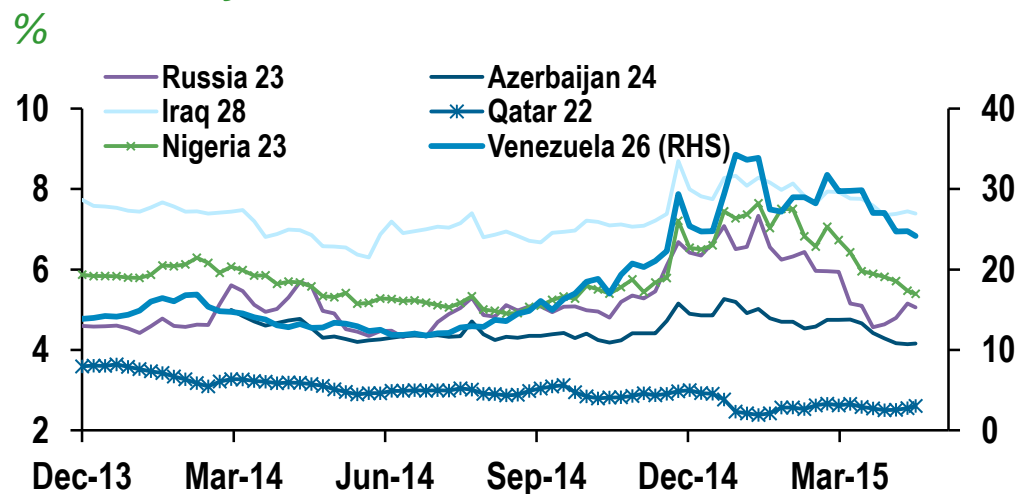
mb/d



Withstanding the oil-price shock

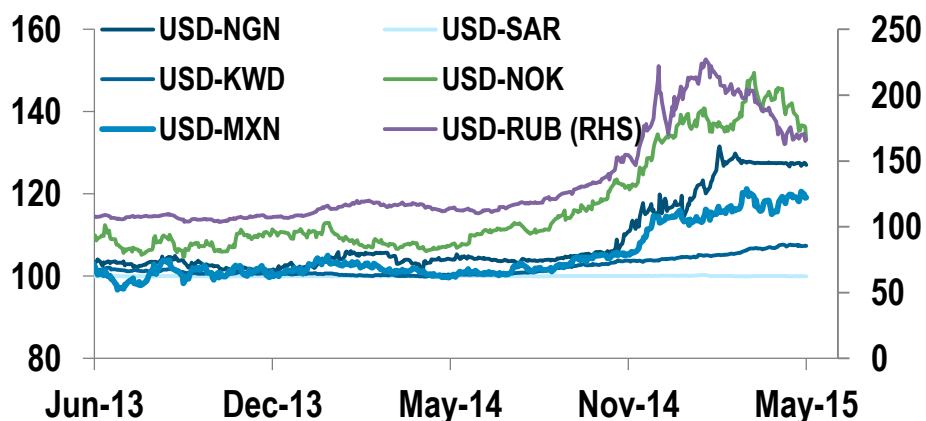
- Oil-exporting countries with flexible exchange rates have experienced sharp FX volatility (Russia, Norway)
- GCC countries are less likely to experience exchange-rate shocks given large FX reserves/fiscal savings
- Most oil-exporting sovereigns have elevated fiscal breakeven points
- External funding costs picked up in late 2014, but have trended lower more recently (if not almost to pre-crisis levels)

Eurobond yields



Exchange rates

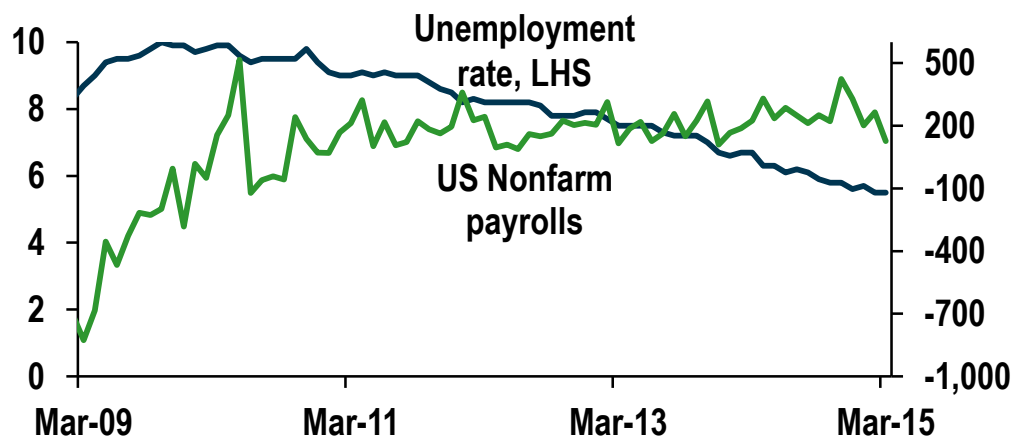
Index; normalised levels; 1-Jan-13 = 100



Dissecting US macroeconomic data

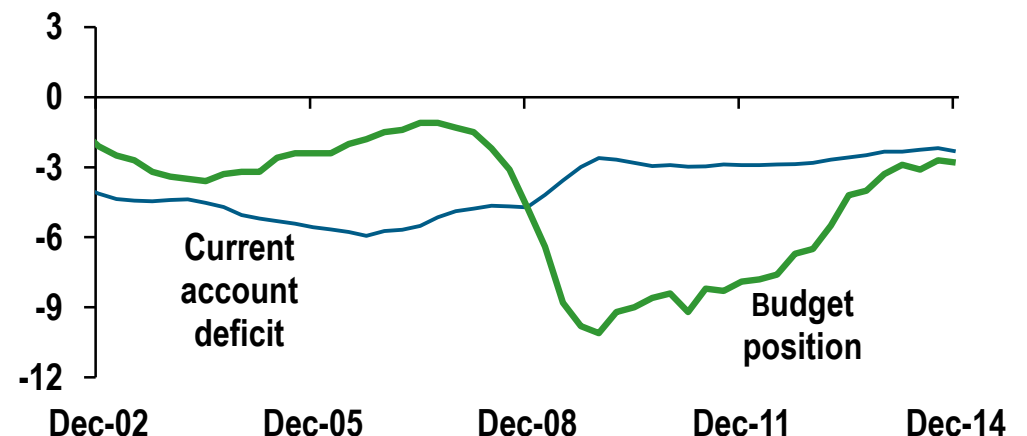
- US unemployment fell to a multi-year low of 5.5% in March-February 2015
- The March non-farm payroll figure was weak
- GDP growth in Q1-15 printed below expectations (the winter effect partly explains this)
- Core PCE inflation rose 1.3% y/y in March (and also averaged 1.3% y/y in Q1-15), but overall PCE inflation remains marginal; inflation continues to undershoot the Fed's 2% target
- The most recent trade figures showed a jump in imports due to the resolution of a labour dispute in West Coast ports and the strong USD
- The US fiscal position has improved considerably in recent years

US labour conditions are firming up *% (LHS); thousands of employees, m/m (RHS)*



Source: Bloomberg, Standard Chartered Research

US current account and fiscal positions *% GDP*

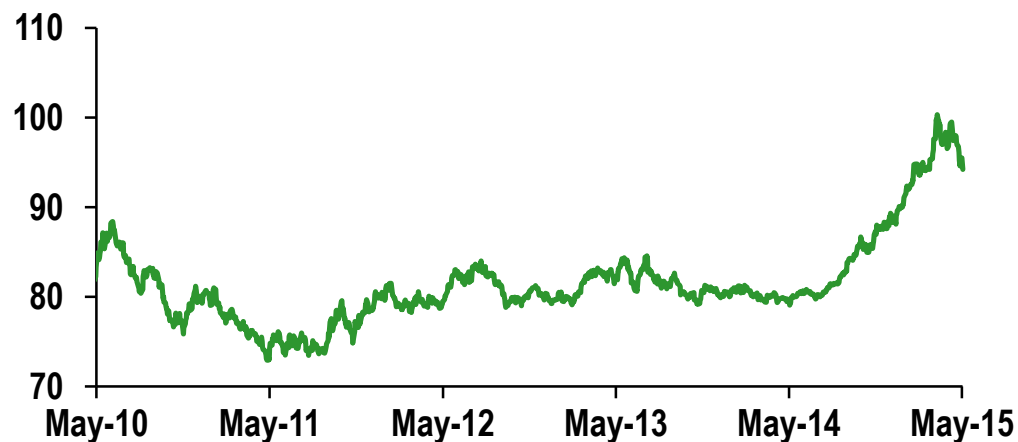


Source: Fed, IMF, Standard Chartered Research

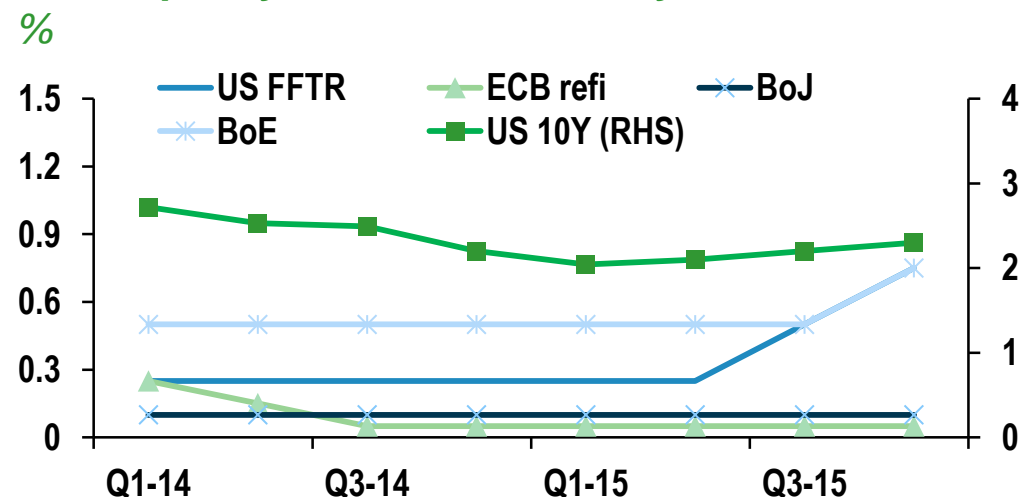
USD strength may ease later this year

- The USD appreciated against major and emerging-market (EM) currencies in H2-2014 and Q1-2015
- This reflected the stronger US labour and macroeconomic environment, and diverging monetary policy conditions and interest-rate expectations between the US and global peers
- The appreciation of the USD softened somewhat in April, and may become less pronounced in Q3 and potentially reverse later this year
- Moderate rate hikes in the US (we expect a cumulative 50bps in H2) will probably already be largely priced in by the FX market by the time they happen

USD index



Global policy rates and 10Y US yield





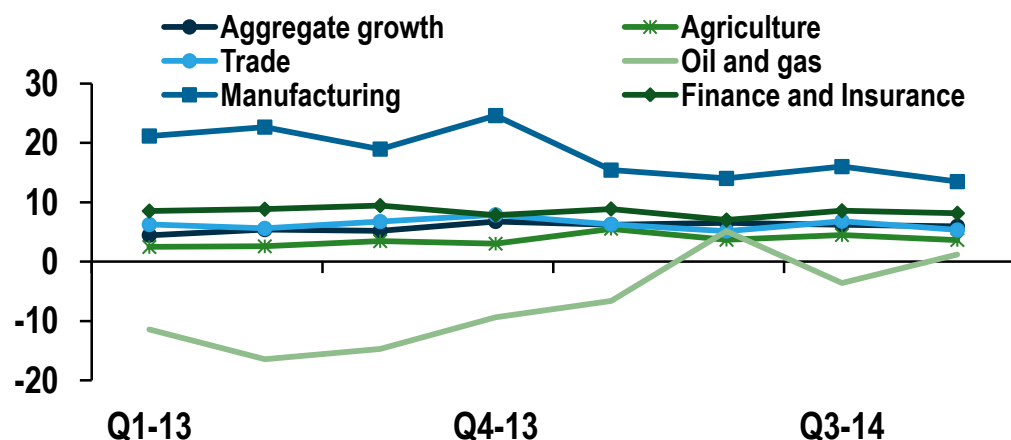
Nigeria: Economic outlook for 2015

Economic growth to slow on lower oil price

- Nigeria became the largest economy in Africa after last year's GDP rebasing
- GDP grew 6.2% y/y in 2014, versus 5.5% in 2013, driven by the non-oil and services sectors, but is likely to expand at a slower pace in 2015 (c.4.5%)
- Addressing Nigeria's power and infrastructure bottlenecks would unlock the country's economic potential
- Although the oil sector's share of GDP has declined in recent years, the weaker oil price is likely to negatively affect aggregate demand in the economy and reduce growth in 2015

Real GDP growth

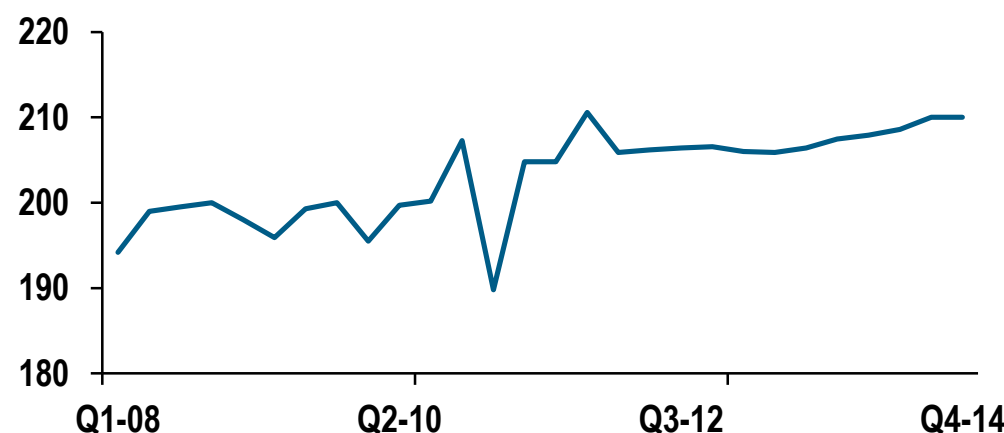
%, YoY



Source: NBS, Standard Chartered Research

Index of electricity production

1990 = 100

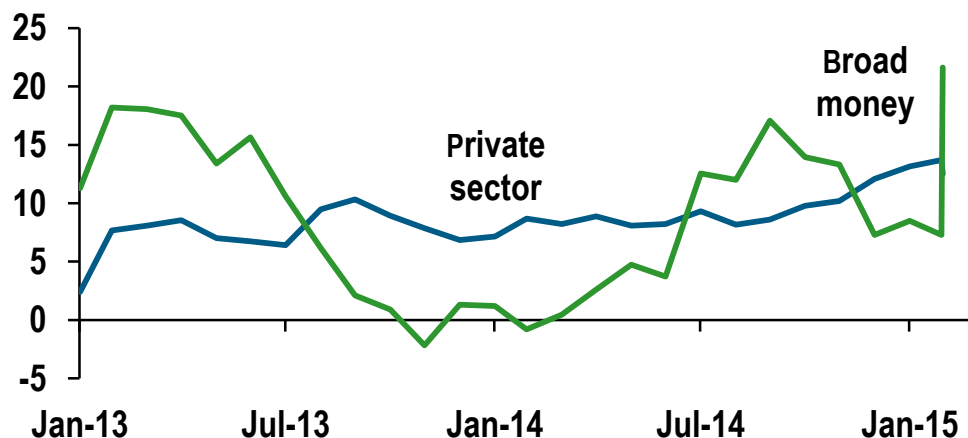


Source: CBN, Standard Chartered Research

A more challenging backdrop for the banking sector?

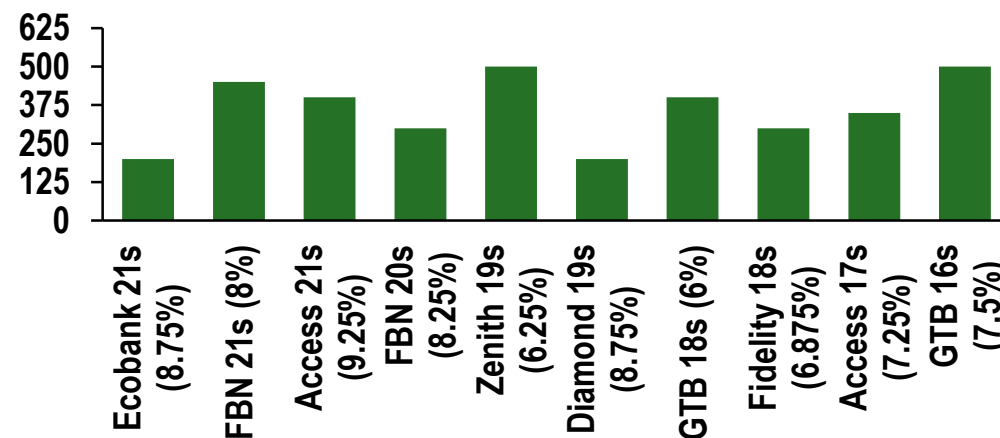
- Growth in banks' private-sector credit extension remains subdued based on recent figures
- Loan portfolio is generally skewed to Tier 1 companies that can borrow at preferential rates
- A relevant portion of the loan book is dollarised
- FX exposure has increased in recent years via Eurobonds, international loans and swaps
- Exchange-rate depreciation is unlikely to cause severe systemic issues in the financial sector
- CBN has announced special support packages for the power and oil-marketing sectors and has encouraged maturity extensions of loans to the oil and gas sectors

Broad money and private-sector credit growth
%, y/y



Source: CBN, Standard Chartered Research

Eurobonds issued by Nigerian banks
USD mn



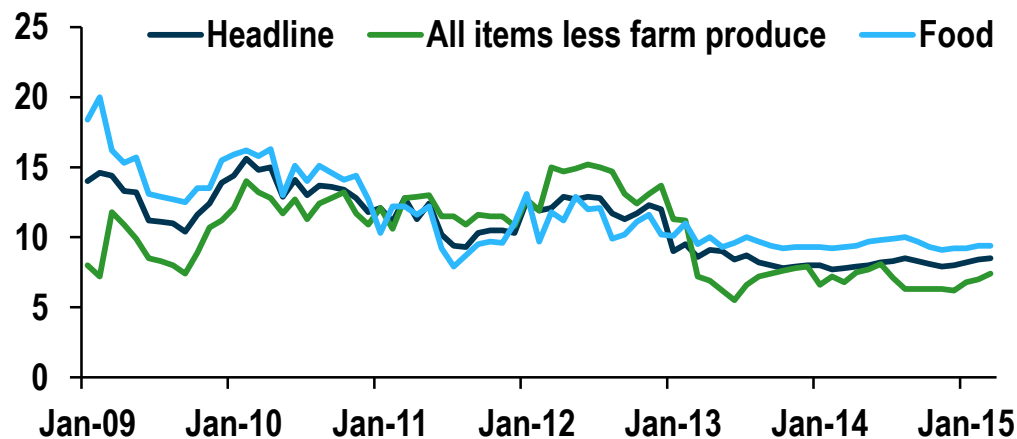
Source: Bloomberg, Standard Chartered Research

Inflation is likely to pick up

- Inflation has remained in the single digits since early 2013, despite a moderate upward trend in recent months (8.5% y/y in March 2015)
- We see inflation rising gradually and possibly peaking in the low double digits in H2-2015
- A weaker exchange rate is likely to result in upward price pressure
- More restrictive monetary and fiscal policy and weaker aggregate demand should cap the upside for inflation

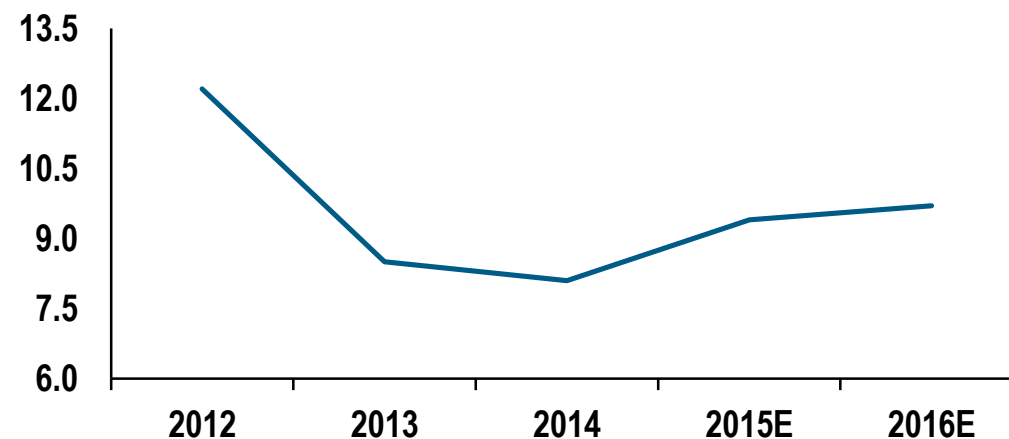
Inflation time series

%, y/y



Inflation outlook

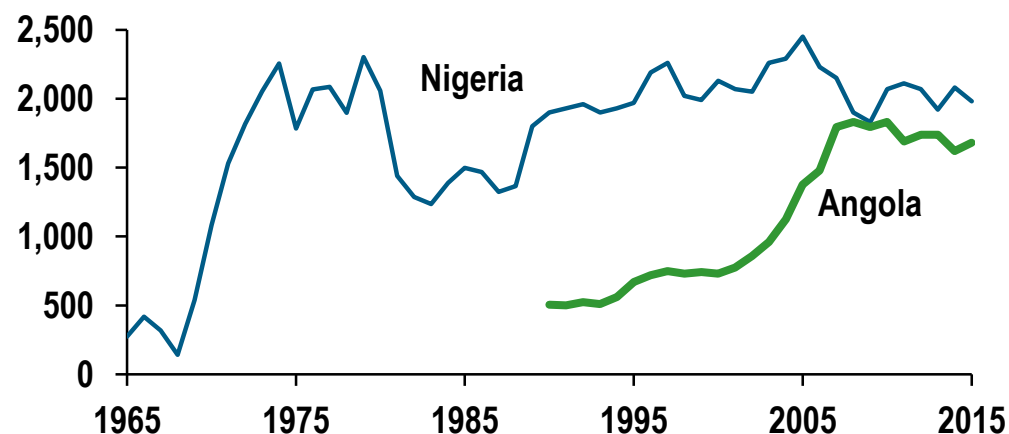
%, y/y (annual)



Oil price shock will likely result in a smaller trade surplus

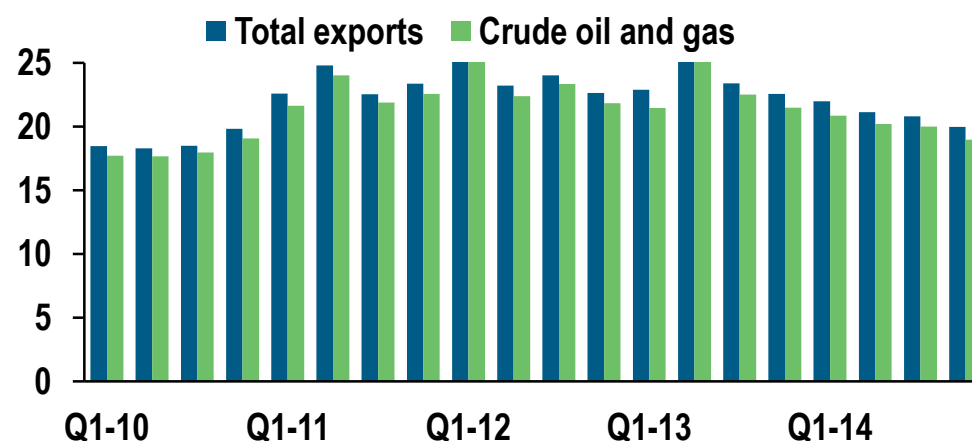
- Crude oil production averaged 1.98mb/d in January-April 2015 based on OPEC data
- The lower oil price suggests exports will decline significantly in 2015
- Imports are also likely to contract – albeit less than exports – as FX becomes scarcer and investment projects are delayed
- The trade surplus fell to USD 4.8bn in Q4-14 from USD 8.5bn in Q1-14 and will probably narrow further this year

Crude oil production
Thousand barrels



Source: Bloomberg, OPEC, Standard Chartered Research

Breakdown of exports
USD bn



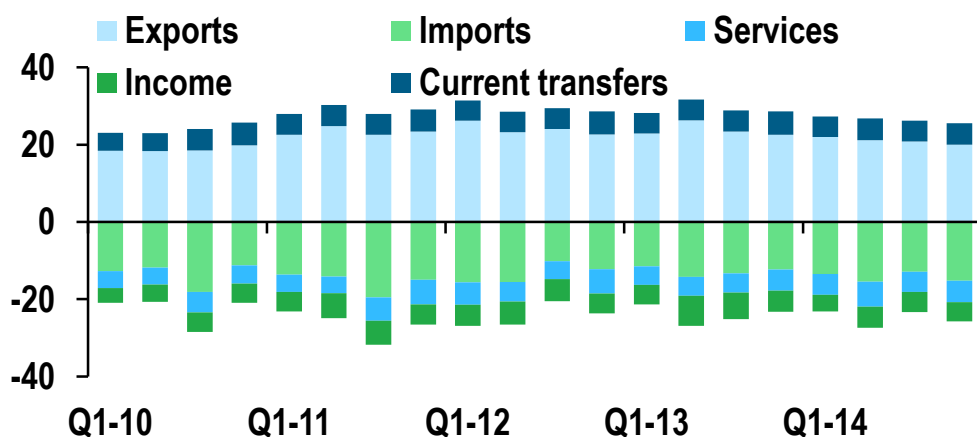
Source: CBN, Standard Chartered Research

Current account position is likely to turn negative

- Given weak oil prices and their impact on the trade balance, we estimate that the current account (C/A) position will turn negative and reach -1.5% of GDP in 2015
- Imports should gradually rebound in the long run given limited substitution effects in the economy, continued growth in the middle class and a likely recovery in infrastructure and private investment
- The risk is that the C/A balance remains negative in coming years, although this could be funded by higher FDI over time

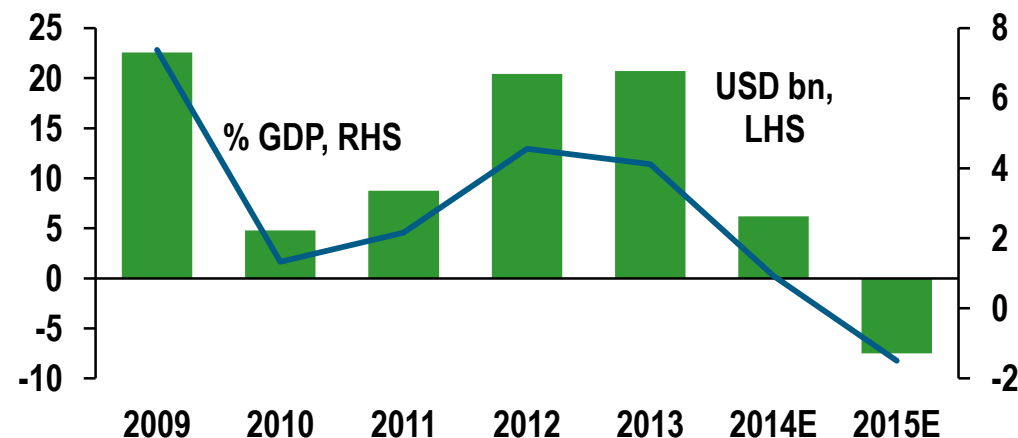
Current account breakdown

USD bn



Current account balance

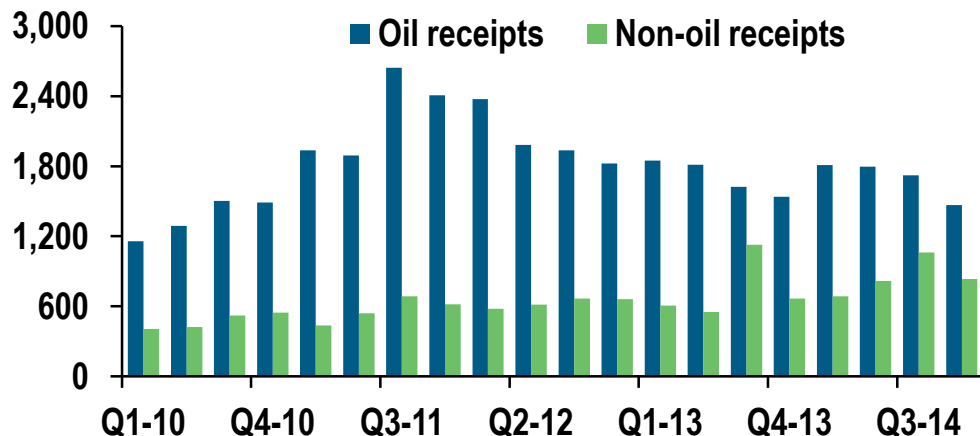
USD bn (LHS); % GDP (RHS)



Fiscal over-reliance on oil

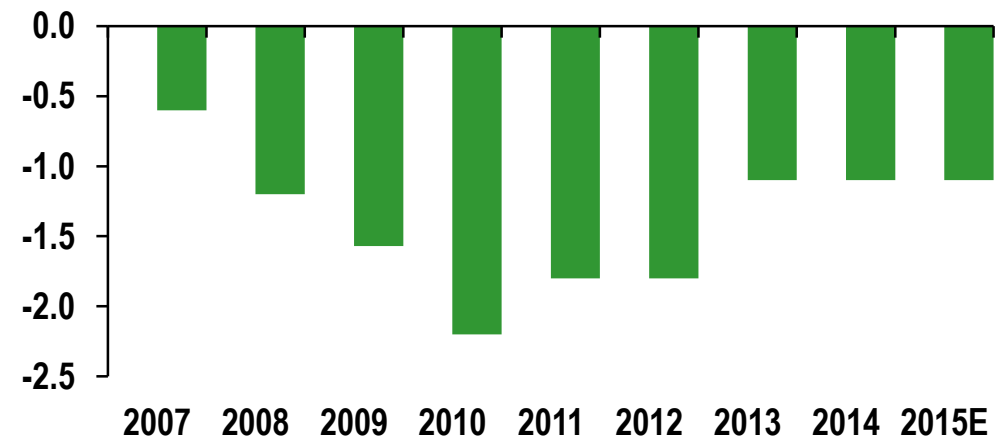
- Oil accounted for around 95% of Nigeria's exports and 70% of consolidated government revenue in 2014
- The Federal Government has posted modest fiscal deficits in recent years, but the effective funding gap will likely widen in 2015
- The oil price benchmark has been reduced to USD 53/bbl in the 2015 budget draft
- Prolonged oil-price weakness would increase the incentive to devalue the exchange rate further to boost the NGN marginal utility of every USD 1 of oil revenue

Oil versus non-oil consolidated revenue
NGN bn



Source: CBN, FMF, Standard Chartered Research

Federal government's budget deficit target
% GDP

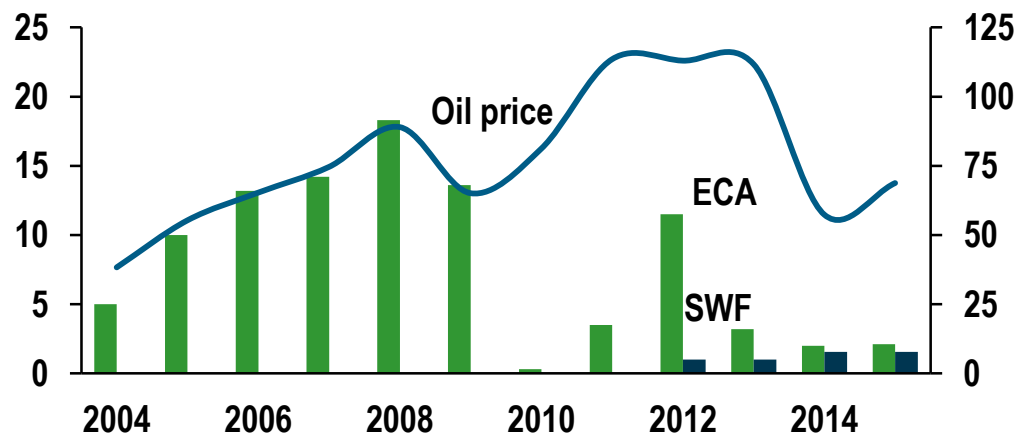


Source: FMF, IMF, Standard Chartered Research

Lack of fiscal buffer is a problem

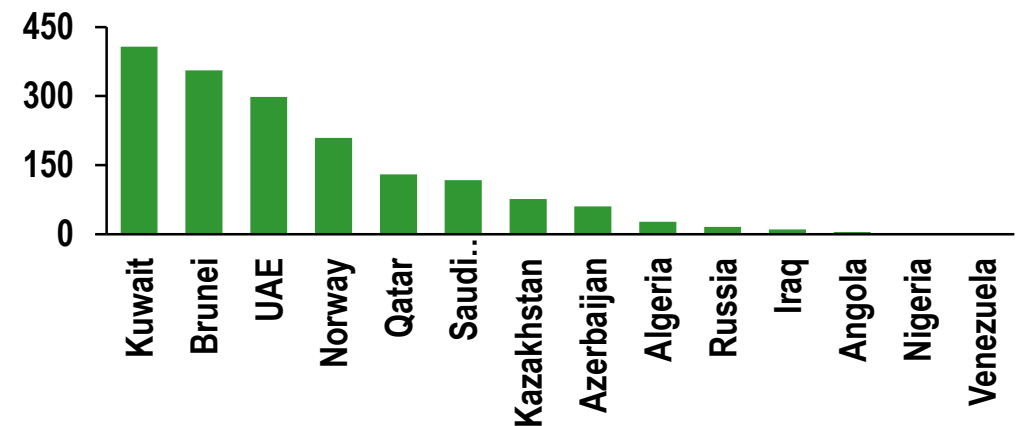
- The effective fiscal breakeven point has been above USD 100/bbl in recent years
- Excess Crude Account (ECA) and Sovereign Wealth Fund (SWF) balances are around USD 2.1bn and USD 1.55bn, respectively
- Nigeria lags major oil-exporting countries in terms of oil-savings accumulation
- Economy remains vulnerable to oil boom and bust cycles

ECA/SWF balances versus oil price
USD bn (LHS), USD bbl (RHS)



Source: Bloomberg, FMF, Standard Chartered Research

Balance of SWF/fiscal savings versus GDP
 %



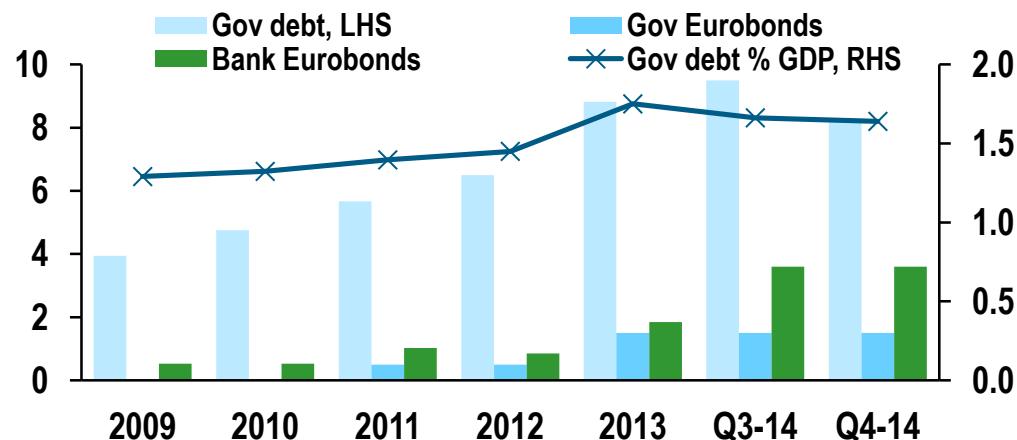
Source: SWF Institute, central banks, Standard Chartered Research

Public-debt sustainability assessment

- The Federal Government's external debt-to-GDP ratio is around 1.9%
- The sovereign has room for further USD borrowing, either on concessional terms or even at market rates given the rally in Nigerian Eurobonds
- Nominal growth in NGN bond supply has flattened since early 2013
- Growth in pension funds' assets under management outweighs nominal increase in bond supply
- However, the debt service-to-government revenue ratio is significant (around 27% projected for 2015)

External debt dynamics

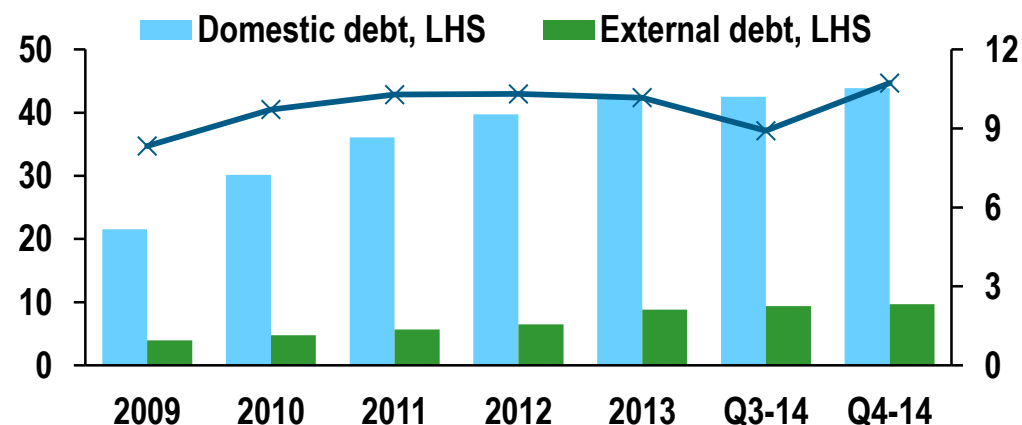
USD bn (LHS), % GDP (RHS)



Source: DMO, Bloomberg, Standard Chartered Research

Government debt

USD bn (LHS), % GDP (RHS)

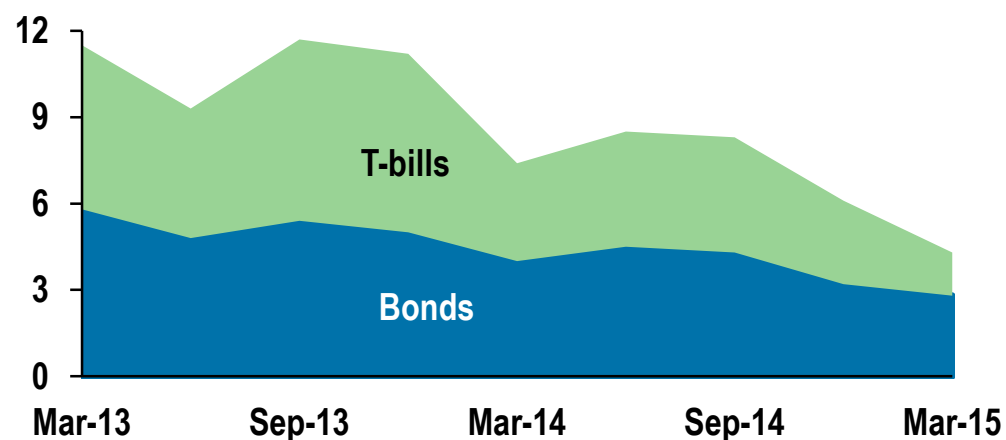


Source: DMO, Standard Chartered Research

Offshore holdings of NGN debt and equities bottoming out?

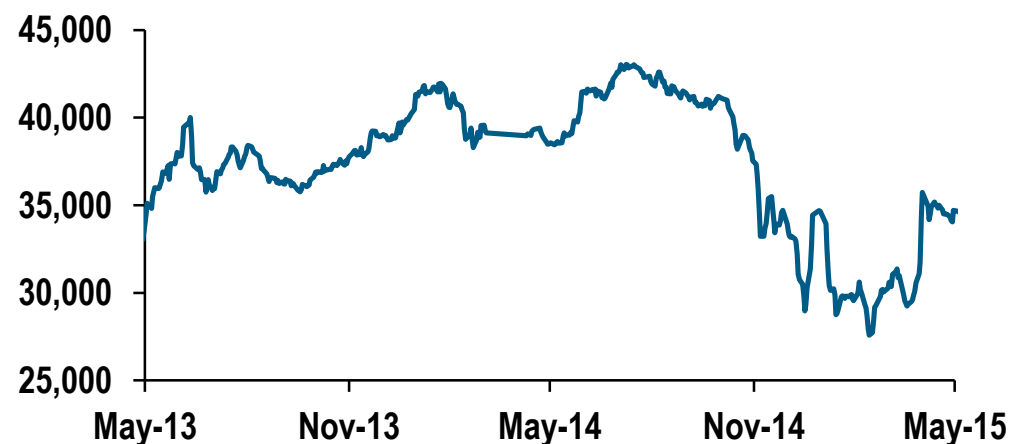
- Portfolio flows turned largely negative in late 2014; foreign investors exited positions in NGN debt and equities as the oil price collapsed
- Offshore investors are now underweight Nigerian bonds in their GBI-EM Diversified portfolios and have largely exited their maturing T-bill positions
- Equity and fixed-income markets rallied after the smooth power shift post 28 March elections as perceptions of political risk receded, although this was predominantly driven by onshore investors
- Offshore interest in NGN equities has picked up slightly in the recent past (less so on the debt side), but portfolio inflows remain constrained by weak fundamentals and concerns about the exchange rate

Estimated foreign holdings of Nigeria's debt
USD bn



Source: Market sources, CBN, Standard Chartered Research

NSE All Share Index



Source: Bloomberg, Standard Chartered Research

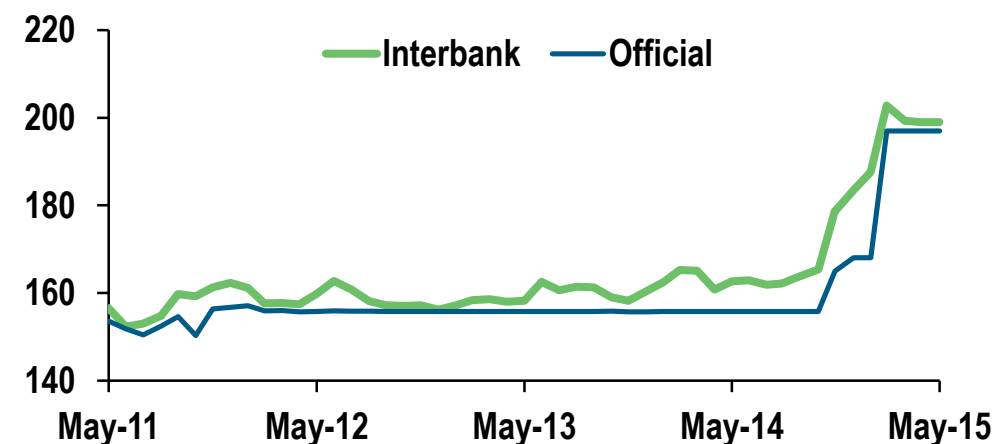
A decorative background featuring a horizontal line at the top, split into green and blue segments. Below the line are several overlapping, semi-transparent, curved shapes in shades of grey and white, creating a sense of depth and movement.

Exchange-rate developments

USD-NGN outlook

- The exchange rate came under heavy pressure as the oil price fell to a six-year low in late 2014
- To preserve FX reserves and remove multiple FX regimes, the CBN closed the RDAS window in Feb 2015
- CBN has remained the main provider of USD via its special intervention auctions and effectively reintroduced a fixed exchange rate at a higher level
- FX transactions are now mainly processed on an order-matching platform at levels close to CBN USD-NGN rates; interbank market activity has remained subdued
- FX market players expect another round of exchange-rate devaluation, but the authorities may be more reluctant to devalue given the relative recovery in the oil price

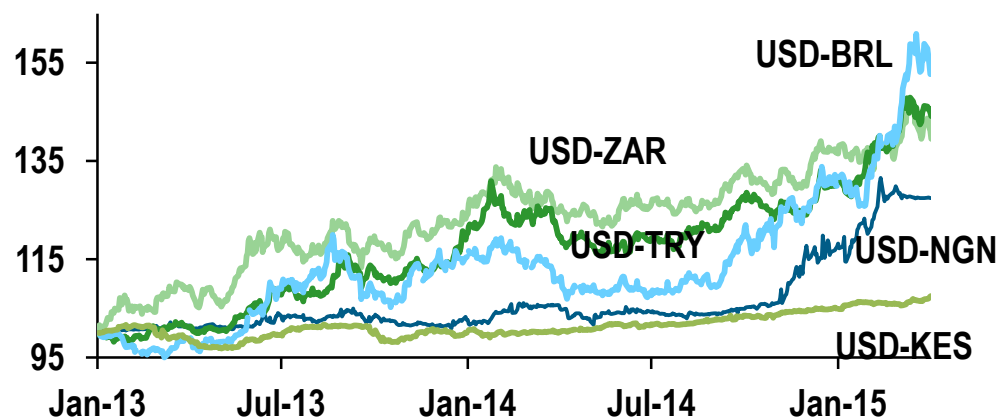
Monthly CBN and interbank USD-NGN rates



Source: CBN, Bloomberg, Standard Chartered Research

USD-NGN versus EM exchange rates

Index, normalised levels, 1-Jan-13 = 100

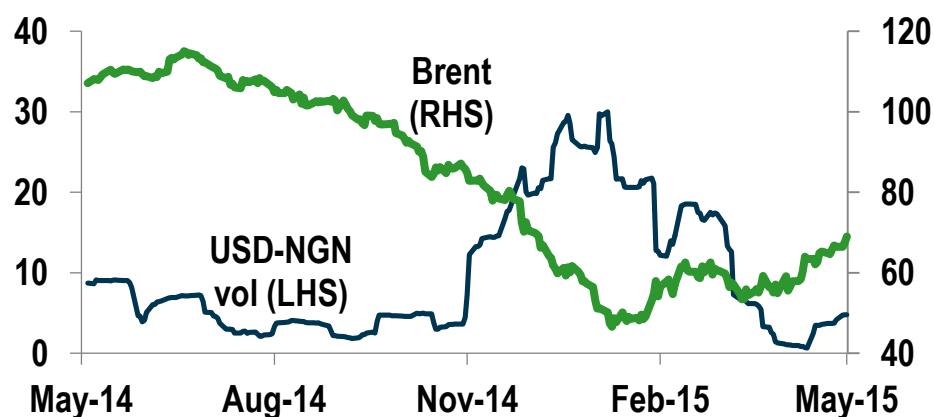


Source: Bloomberg, Standard Chartered Research

How relevant is the concept of fair value?

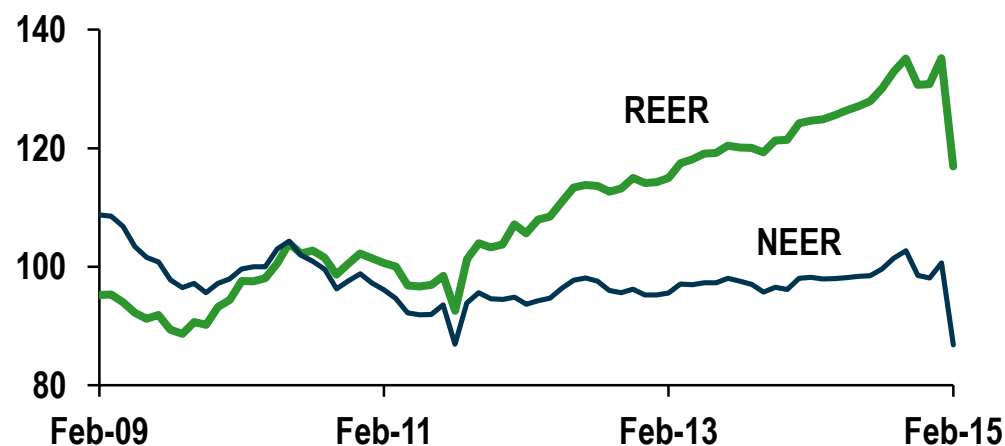
- Periods of de-pegging and extreme USD-NGN volatility are fundamentally a function of large oil price fluctuations, as seen in late 2008 and H2-2014/2015
- The 75% decline in the oil price from its 2008 peak was associated with a 25% move in USD-NGN
- The oil price dropped 59.5% from 19 June 2014 (a yearly high) to a low of USD 46.6/bbl on 13 January 2015, while the NGN lost 22.0% against the USD between June 2014 and May 2015
- The USD-NGN parallel market rate (218.0/221.5) implies an 11.5% spread with the official rate
- Devaluation should ease the level of REER over-valuation, but this is unlikely to trigger gains in external competitiveness or have a meaningful import substitution effect

20-day annualised USD-NGN vol versus Brent
%, LHS; Brent oil price (USD/bbl), RHS



Source: Bloomberg, Standard Chartered Research

Nigeria CPI-based REER and NEER
Index

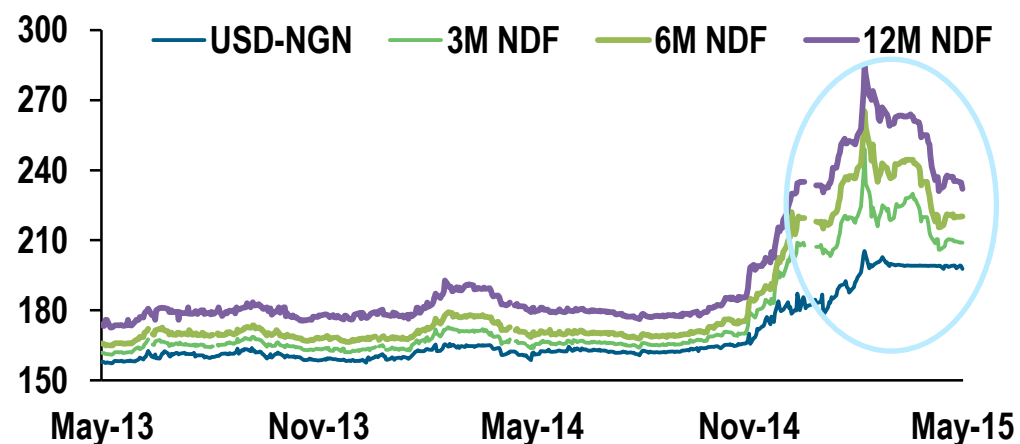


Source: IMF, Standard Chartered Research

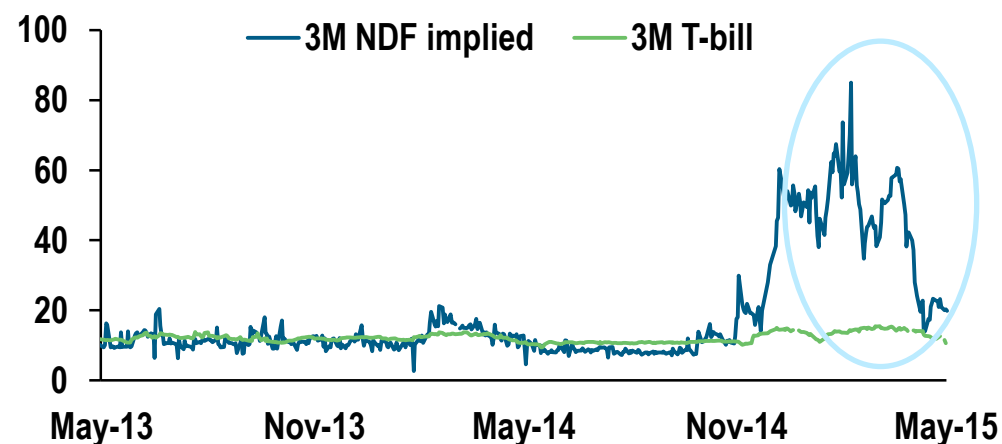
Offshore positioning in the NDF market

- NDF outright prices compressed significantly in February-April, as investor concerns about immediate currency devaluation eased and spot stabilised
- The USD-NGN NDF space also reflected the favourable risk environment post 28 March elections
- The compression in the NDF curve now looks overextended considering the risk of policy-induced exchange-rate realignment, the higher USD-NGN parallel rate and concerns about net FX reserves
- NDF outright prices have bottomed and moved slightly higher in recent days

Spot versus NDF outright prices
USD-NGN



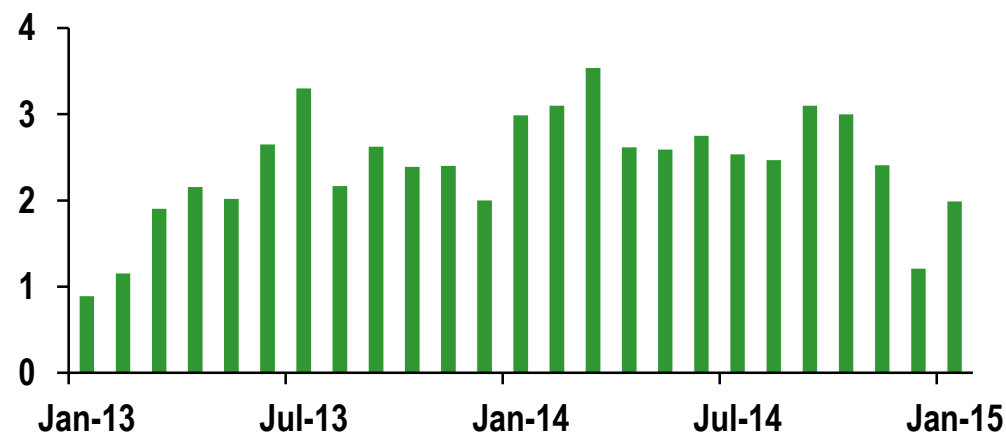
3M NDF yield versus 3M T-bill yield
%



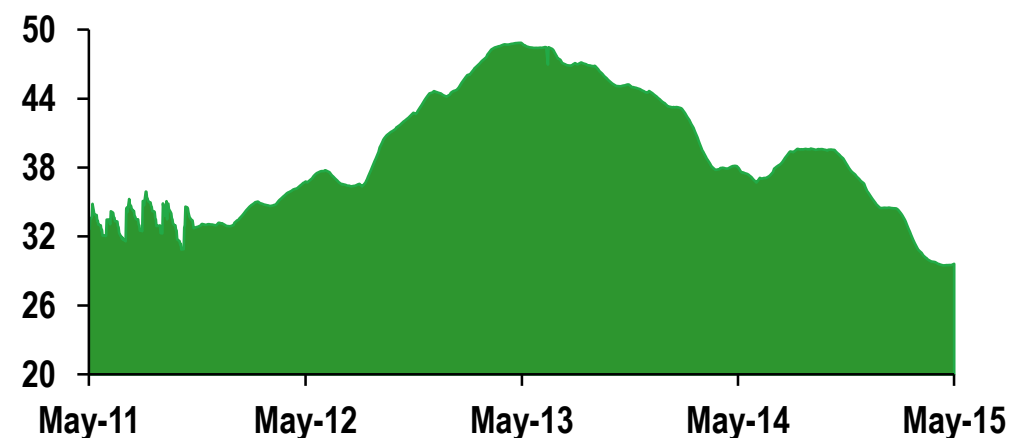
FX reserves position looks more vulnerable

- Gross FX reserves reached USD 29.6bn on 5 May 2015 from USD 33.8bn on 26 Dec 2014 (30-d MA)
- Actual CBN reserves excluding the ECA, FG component and forward book are likely to be lower
- The country has lost around USD 19bn of gross FX reserves since June 2013
- This reflects the downtrend in foreign portfolio holdings over the period, especially in Q1-14 and H2-14/early 2015, and also continued CBN FX sales and lower FX earnings as the oil price dropped sharply last year

RDAS FX sales
USD bn



FX reserves
USD bn



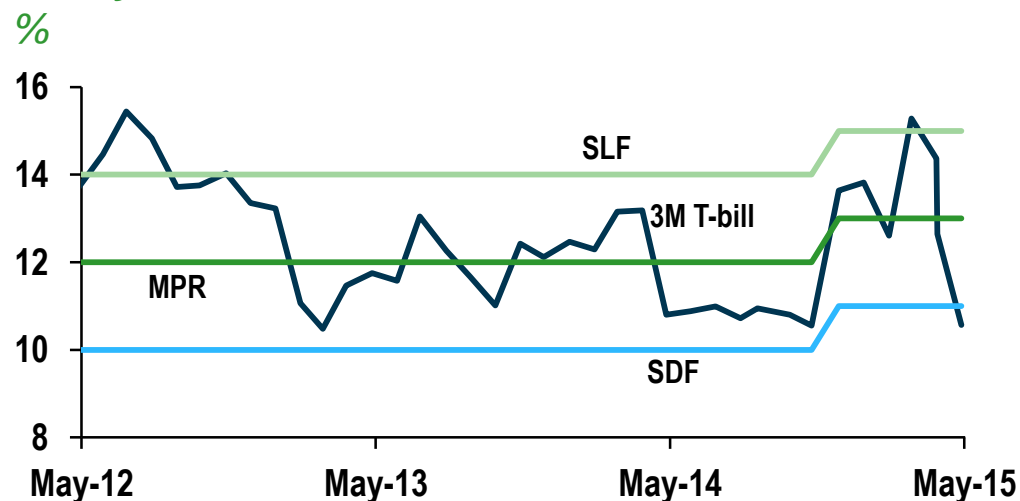


Policy and market-rate outlook

Further formal monetary tightening is unlikely

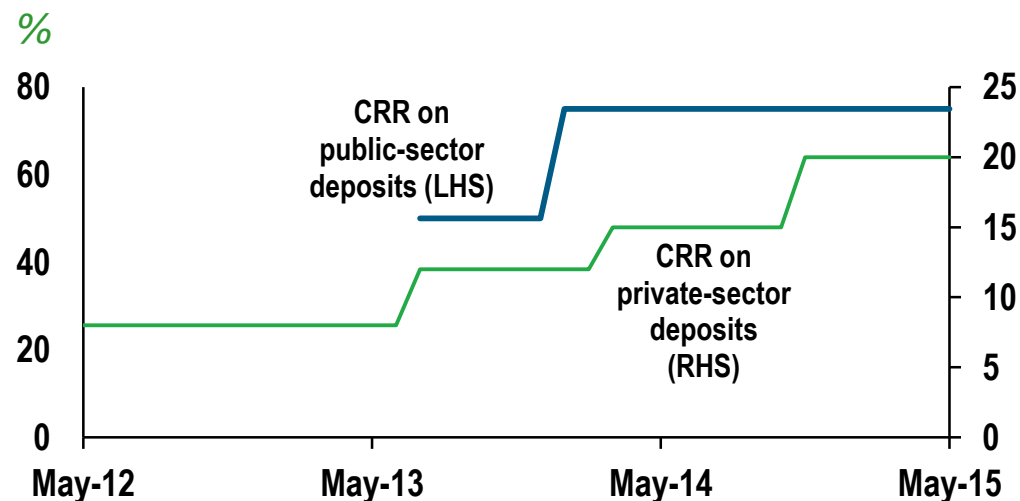
- CBN maintained the MPR at 13% on 24 March 2015 after a 100bps hike at its 24-25 November MPC meeting
- November MPC meeting raised the CRR ratio on private-sector deposits to 20% from 15%
- The risks to the MPR are likely to shift to the downside in the medium term as growth, private-sector lending and financial stability factors outweigh inflation and FX considerations
- Although market yields were much higher than policy rates earlier this year, they have compressed significantly on ample liquidity in recent weeks

Policy and market rates



Source: Bloomberg, Standard Chartered Research

CRR ratios



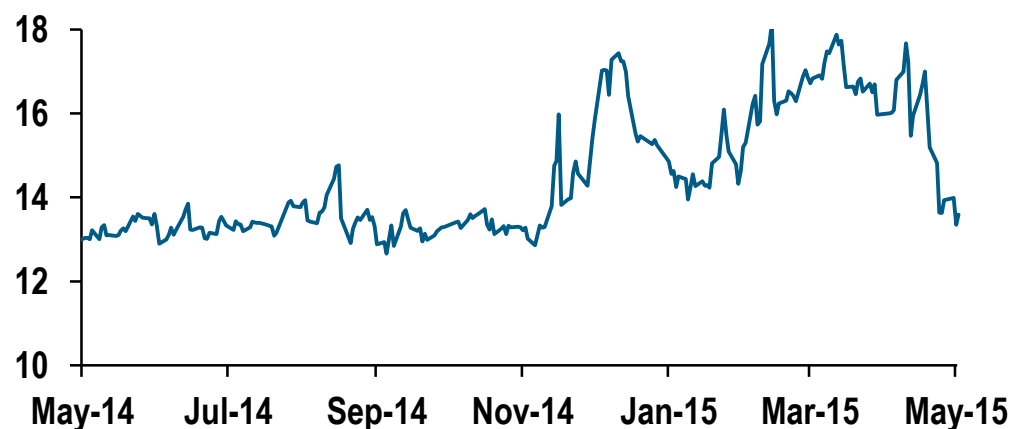
Source: CBN, Standard Chartered Research

Managing liquidity

- Liquidity surpluses have increased in recent weeks primarily due to large fixed-income redemptions (a median of NGN 150-200bn in Q1-2015 versus a high of around NGN 1tn in April)
- The CBN resumed aggressive OMOs to mop up excess liquidity and sterilised around NGN 959bn over the past two weeks; the liquidity balance is still around NGN 600bn
- CBN moved to bi-weekly CRR computation and debit in February (based on incremental average deposits over the prior fortnight period), which initially supported its liquidity management efforts
- Liquidity management should be facilitated by the effective introduction of a single treasury account to distribute NGN proceeds to government entities and parastatals on an as-needed basis

3M NIBOR rates

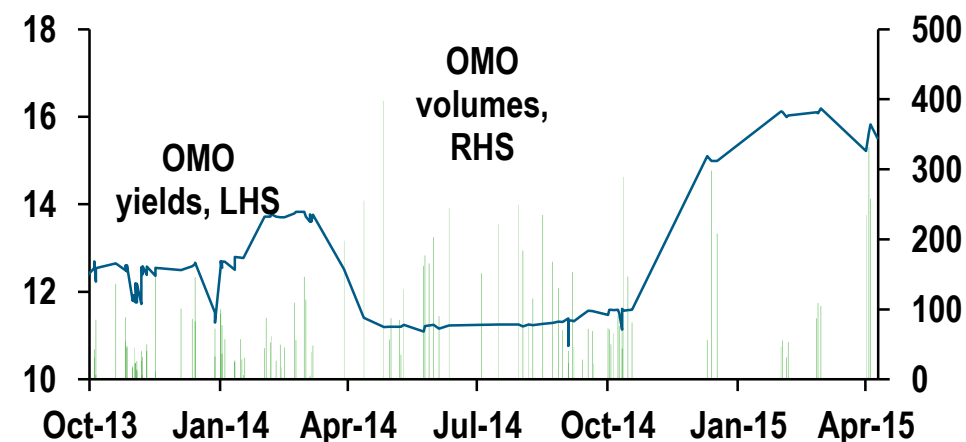
%



Source: Bloomberg, Standard Chartered Research

OMO yields (varying maturities) and volumes

% (LHS), NGN bn (RHS)

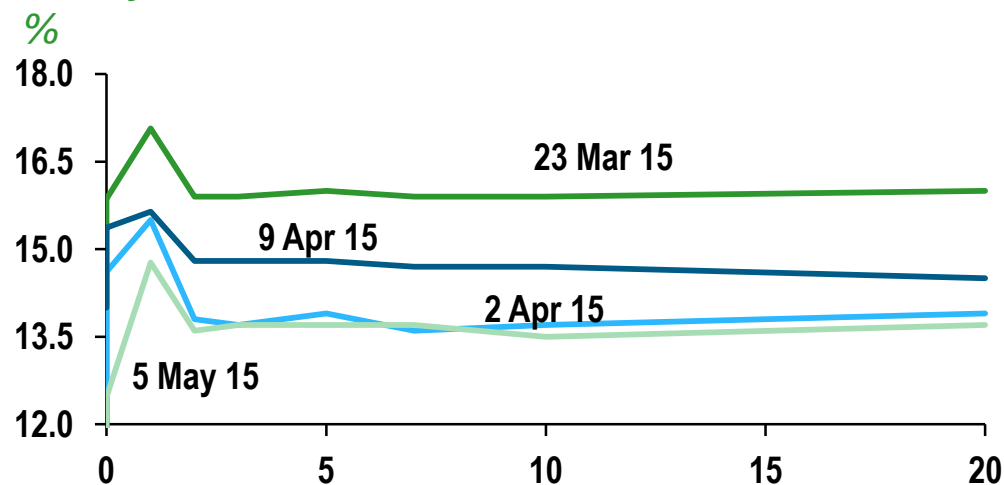


Source: CBN, Standard Chartered Research

Risk/reward in carry trade constrained by lower yields and FX risk

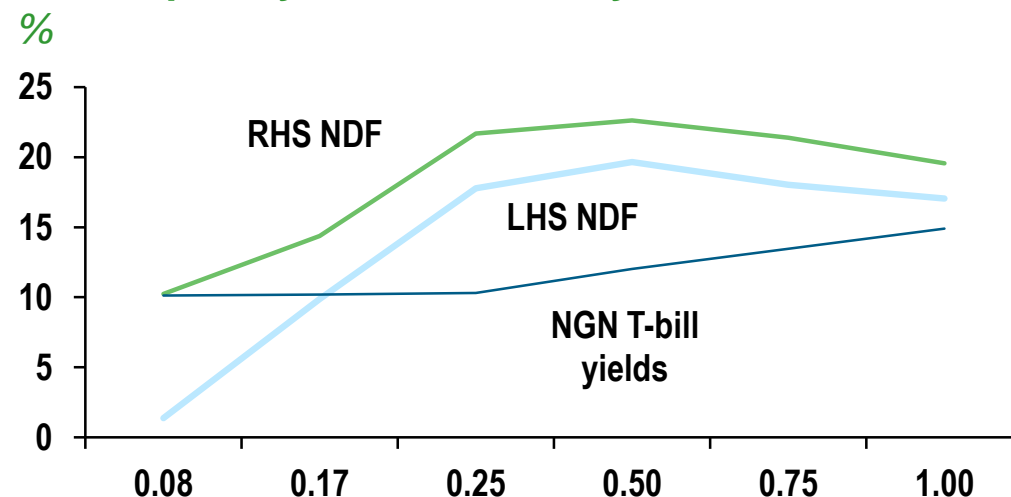
- Short-dated yields have trended lower in the primary market: the 364-day T-bill printed at 15.4% at the 5 May 2015 auction from 19.0% on 17 December; secondary-market yields have also gradually compressed
- The CBN allowed elevated yields to help reduce capital flight and boost the incentive to hold NGN assets, but such a tight market rate regime is unlikely to be sustainable for long
- Long-dated NDFs continue to trade at a premium to equivalent T-bills
- The shift lower in the yield curve and FX risk may make it more difficult for carry trade positions to resume in the short term (unless the oil price backs up further)

NGN yield curve



Source: Bloomberg, Standard Chartered Research

NDF-implied yields and T-bill yields

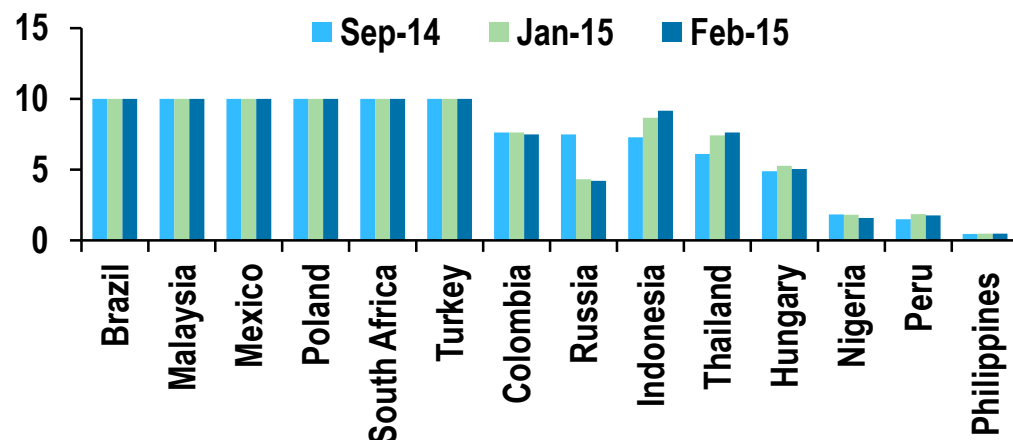


Source: CBN, Standard Chartered Research

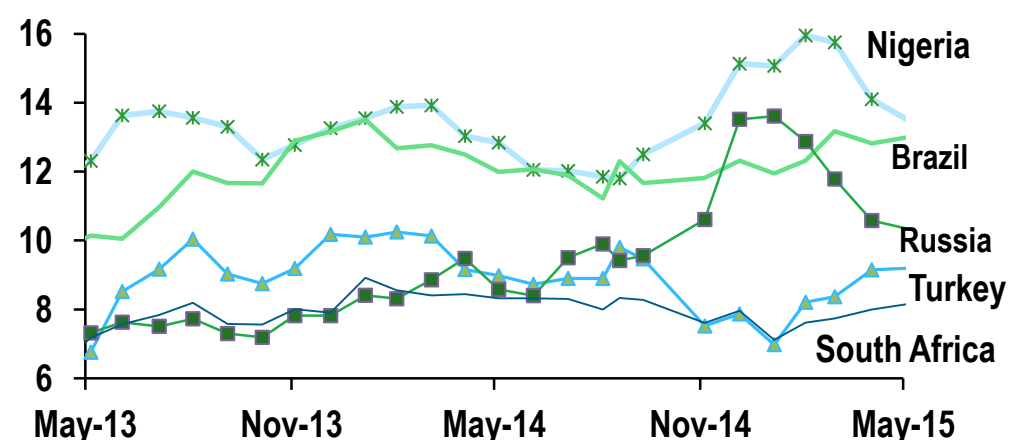
Bond returns may primarily reflect high carry

- Nigeria remains the highest-yielding GBI-EM country
- Nigeria's weight in the GBI-EM index was around 1.29% in March
- The risk of an exclusion from the GBI-EM index has increased given FX liquidity factors, although this may still be prevented if the fundamental backdrop improves and the authorities gradually revert to a more flexible FX trading platform
- Should USD-NGN stabilise at a more sustainable level, FX-adjusted NGN bond returns may look attractive
- Accrual returns rather than further yield compression will probably drive the medium-term FGN bond performance, barring a market correction in coming weeks

Selected GBI-EM Global Div. country weights
% of index



Nigeria's 10Y bond yield versus peers
%



Global Disclaimer (page 1 of 2)

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. On a general basis, the efficacy of recommendations is a factor in the performance appraisals of analysts.

Global Disclaimer: Standard Chartered Bank and/or its affiliates ("SCB") makes no representation or warranty of any kind, express, implied or statutory regarding this document or any information contained or referred to in the document. The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices, or represent that any such future movements will not exceed those shown in any illustration. The stated price of the securities mentioned herein, if any, is as of the date indicated and is not any representation that any transaction can be effected at this price. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors of fact or for any opinion expressed herein. The contents of this document may not be suitable for all investors as it has not been prepared with regard to the specific investment objectives or financial situation of any particular person. Any investments discussed may not be suitable for all investors. Users of this document should seek professional advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to in this document and should understand that statements regarding future prospects may not be realised. Opinions, forecasts, assumptions, estimates, derived valuations, projections and price target(s), if any, contained in this document are as of the date indicated and are subject to change at any time without prior notice. Our recommendations are under constant review. The value and income of any of the securities or financial instruments mentioned in this document can fall as well as rise and an investor may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred. Foreign-currency denominated securities and financial instruments are subject to fluctuation in exchange rates that could have a positive or adverse effect on the value, price or income of such securities and financial instruments. Past performance is not indicative of comparable future results and no representation or warranty is made regarding future performance. While we endeavour to update on a reasonable basis the information and opinions contained herein, there may be regulatory, compliance or other reasons that prevent us from doing so. Accordingly, information may be available to us which is not reflected in this material, and we may have acted upon or used the information prior to or immediately following its publication. SCB is not a legal or tax adviser, and is not purporting to provide legal or tax advice. Independent legal and/or tax advice should be sought for any queries relating to the legal or tax implications of any investment. SCB and/or its affiliates may have a position in any of the securities, instruments or currencies mentioned in this document. SCB and/or its affiliates or its respective officers, directors, employee benefit programmes or employees, including persons involved in the preparation or issuance of this document may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities or financial instruments referred to in this document and on the SCB Research website or have a material interest in any such securities or related investments, or may be the only market maker in relation to such investments, or provide, or have provided advice, investment banking or other services, to issuers of such investments. SCB has in place policies and procedures and physical information walls between its Research Department and differing public and private business functions to help ensure confidential information, including 'inside' information is not disclosed unless in line with its policies and procedures and the rules of its regulators. Data, opinions and other information appearing herein may have been obtained from public sources. SCB makes no representation or warranty as to the accuracy or completeness of such information obtained from public sources. SCB also makes no representation or warranty as to the accuracy nor responsible for any information or data contains on any third party's website. You are advised to make your own independent judgment (with the advice of your professional advisers as necessary) with respect to any matter contained herein and not rely on this document as the basis for making any trading, hedging or investment decision. SCB accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental, consequential, punitive or exemplary damages) from the use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services. This material is for the use of intended recipients only and, in any jurisdiction in which distribution to private/retail customers would require registration or licensing of the distributor which the distributor does not currently have, this document is intended solely for distribution to professional and institutional investors.

Global Disclaimer (page 2 of 2)

Country-Specific Disclosures – If you are receiving this document in any of the countries listed below, please note the following:

United Kingdom and European Economic Area: SCB is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This communication is not directed at Retail Clients in the European Economic Area as defined by Directive 2004/39/EC. Nothing in this document constitutes a personal recommendation or investment advice as defined by Directive 2004/39/EC. **Australia:** The Australian Financial Services Licence for Standard Chartered Bank is Licence No: 246833 with the following Australian Registered Business Number (ARBN: 097571778). Australian investors should note that this communication was prepared for “wholesale clients” only and is not directed at persons who are “retail clients” as those terms are defined in sections 761G and 761GA of the Corporations Act 2001 (Cth). **Bangladesh:** This research has not been produced in Bangladesh. The report has been prepared by the research analyst(s) in an autonomous and independent way, including in relation to SCB. THE SECURITIES MENTIONED IN THIS REPORT HAVE NOT BEEN AND WILL NOT BE REGISTERED IN BANGLADESH AND MAY NOT BE OFFERED OR SOLD IN BANGLADESH WITHOUT PRIOR APPROVAL OF THE REGULATORY AUTHORITIES IN BANGLADESH. **Botswana:** This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited which is a financial institution licensed under the Section 6 of the Banking Act CAP 46:04 and is listed in the Botswana Stock Exchange. **Brazil:** SCB disclosures pursuant to the Securities Exchange Commission of Brazil (“CVM”) Instruction 483/10: This research has not been produced in Brazil. The report has been prepared by the research analyst(s) in an autonomous and independent way, including in relation to SCB. THE SECURITIES MENTIONED IN THIS REPORT HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE COMMISSION OF BRAZIL AND MAY NOT BE OFFERED OR SOLD IN BRAZIL EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS AND IN COMPLIANCE WITH THE SECURITIES LAWS OF BRAZIL. **China:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by China Banking Regulatory Commission (CBRC), State Administration of Foreign Exchange (SAFE), and People’s Bank of China (PBoC). **Germany:** In Germany, this document is being distributed by Standard Chartered Bank Germany Branch which is also regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). **Hong Kong:** This document, except for any portion advising on or facilitating any decision on futures contracts trading, is being distributed in Hong Kong by, and is attributable to, Standard Chartered Bank (Hong Kong) Limited 渣打銀行（香港）有限公司 which is regulated by the Hong Kong Monetary Authority. **India:** This document is being distributed in India by Standard Chartered Bank, India Branch (“SCB India”). The particulars contained in this document are for information purposes only. This document does not constitute an offer, recommendation or solicitation to any person to execute any transaction with SCB India. Certain information or trade ideas in this document may not be specifically permissible under Indian regulations; hence, users of this document should seek professional legal advice before acting on any information. **Indonesia:** The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or represent that any such future movements will not exceed those shown in any illustration. **Japan:** This document is being distributed to Specified Investors, as defined by the Financial Instruments and Exchange Law of Japan (FIEL), for information only and not for the purpose of soliciting any Financial Instruments Transactions as defined by the FIEL or any Specified Deposits, etc. as defined by the Banking Law of Japan. **Kenya:** Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya. This document is intended for use only by Professional Clients and should not be relied upon by or be distributed to Retail Clients. **Macau:** This document is being distributed in Macau Special Administrative Region of the Peoples’ Republic of China, and is attributable to, Standard Chartered Bank (Macau Branch) which is regulated by Macau Monetary Authority. **Malaysia:** This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad only to institutional investors or corporate customers. Recipients in Malaysia should contact Standard Chartered Bank Malaysia Berhad in relation to any matters arising from, or in connection with, this document. **New Zealand:** New Zealand Investors should note that this document was prepared for “wholesale clients” only within the meaning of section 5C of the Financial Advisers Act 2008. This document is not directed at persons who are “retail clients” as defined in the Financial Advisers Act 2008. This document does not form part of any offer to the public in New Zealand. NOTE THAT SCB IS NOT A “REGISTERED BANK” IN NEW ZEALAND UNDER THE RESERVE BANK OF NEW ZEALAND ACT 1989. **Philippines:** This document may be distributed in the Philippines by, and is attributable to, Standard Chartered Bank (Philippines) which is regulated by the Bangko Sentral ng Pilipinas. This document is for information purposes only and does not offer, sell, offer to sell or distribute securities in the Philippines that are not registered with the Securities and Exchange Commission unless such offer or sale qualifies as an exempt transaction under Section 10 of the Securities Regulation Code. **Singapore:** This document is being distributed in Singapore by SCB Singapore branch, only to accredited investors, expert investors or institutional investors, as defined in the Securities and Futures Act, Chapter 289 of Singapore. Recipients in Singapore should contact SCB Singapore branch in relation to any matters arising from, or in connection with, this document. **South Africa:** SCB is licensed as a Financial Services Provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act 37 of 2002. SCB is a Registered Credit Provider in terms of the National Credit Act 34 of 2005 under registration number NCRCP4. **Thailand:** This document is intended to circulate only general information and prepare exclusively for the benefit of Institutional Investors with the conditions and as defined in the Notifications of the Office of the Securities and Exchange Commission relating to the exemption of investment advisory service, as amended and supplemented from time to time. It does not intend to provide for the public. **UAE (DIFC):** SCB is regulated in the Dubai International Financial Centre by the Dubai Financial Services Authority. This document is intended for use only by Professional Clients and should not be relied upon by or be distributed to Retail Clients. **United States:** Except for any documents relating to foreign exchange, FX or global FX, Rates or Commodities, distribution of this document in the United States or to US persons is intended to be solely to major institutional investors as defined in Rule 15a-6(a)(2) under the US Securities Exchange Act of 1934. All US persons that receive this document by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities. Any US recipient of this document wanting additional information or to effect any transaction in any security or financial instrument mentioned herein, must do so by contacting a registered representative of Standard Chartered Securities (North America) Inc., 1095 Avenue of the Americas, New York, N.Y. 10036, US, tel + 1 212 667 0700. WE DO NOT OFFER OR SELL SECURITIES TO U.S. PERSONS UNLESS EITHER (A) THOSE SECURITIES ARE REGISTERED FOR SALE WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION AND WITH ALL APPROPRIATE U.S. STATE AUTHORITIES; OR (B) THE SECURITIES OR THE SPECIFIC TRANSACTION QUALIFY FOR AN EXEMPTION UNDER THE U.S. FEDERAL AND STATE SECURITIES LAWS NOR DO WE OFFER OR SELL SECURITIES TO U.S. PERSONS UNLESS (i) WE, OUR AFFILIATED COMPANY AND THE APPROPRIATE PERSONNEL ARE PROPERLY REGISTERED OR LICENSED TO CONDUCT BUSINESS; OR (ii) WE, OUR AFFILIATED COMPANY AND THE APPROPRIATE PERSONNEL QUALIFY FOR EXEMPTIONS UNDER APPLICABLE U.S. FEDERAL AND STATE LAWS.

© Copyright 2015 Standard Chartered Bank and its affiliates. All rights reserved. All copyrights subsisting and arising out of all materials, text, articles and information contained herein is the property of Standard Chartered Bank and/or its affiliates, and may not be reproduced, redistributed, amended, modified, adapted, transmitted in any form, or translated in any way without the prior written permission of Standard Chartered Bank.