

**Key Facts Statement for
Loan Facilities secured by Life Insurance Policy
(Premium Financing and Policy Financing Loans)**

Dah Sing Bank, Limited (the "Bank" or "we")

Loan secured by Life Insurance Policy
Jan 2024

This product is a loan secured by life insurance policy(ies) (including without limitation investment-linked assurance scheme ("ILAS")) ("Insurance Policy").

A "premium financing" loan facility finances the payment of a certain percentage of the insurance premium when the borrower purchases the Insurance Policy.

A "policy financing" loan facility provides general financing on the security of an Insurance Policy previously purchased.

In both cases, the borrower's obligations are secured by a collateral assignment of Insurance Policy to the Bank. In the case of policy financing loan facility, the holder of the Insurance Policy ("Policyholder") may be the borrower or a third party.

This statement provides you with indicative information about interest, fees and charges, and key risks of this product but please refer to our facility letter for the final terms of your loan secured by the Insurance Policy. This statement aims to help you understand the factors to be considered and the risks involved in this product. The Bank staff should fully explain to you the implications and associated risks involved in the use of this product and the relevant collateral assignment. You should make sure that you are fully aware of your rights and responsibilities under the facility letter(s) and deed(s) of assignment of the Insurance Policy between you and the Bank (which provides you with the premium financing and/or policy financing loan facilities).

You may request for the Chinese version of this statement from the Bank. 閣下可向本行索取本概要的中文版本。

If there is any conflict or inconsistency between the English and Chinese versions of this statement, the English version shall prevail.

Interest Rates and Interest Charges	
Annualised Interest Rate	<p>The annualised interest rate for this product is:</p> <p>the Bank's Interbank Offered Rate (IBOR) # PLUS up to 3% ^</p> <p># IBOR is subject to the denominated currency and the interest period of loan drawdown chosen by the customer. The Bank has the discretion to adopt the IBOR quoted by the Bank. Please contact the Bank's staff for the Bank's latest IBOR quoted by the Bank from time to time. The Bank reserves the right to determine the applicable interest rate for the overdraft facility.</p> <p>^ The rate is for your reference only. The actual interest rate applicable to a customer will be solely determined by the Bank and specified in the Bank's facility letter.</p>
Annualised Overdue / Default Interest Rate	<p>Any past due amount whether principal or interest or otherwise under the facility will be subject to a late payment interest to be charged at 8% p.a. above the Bank's cost of funds* (as conclusively certified by the Bank) from the date of default to the date of final repayment.</p> <p>* The Bank has the discretion to adopt the cost of funds quoted by the Bank. Please contact the Bank's staff for the Bank's cost of funds quoted by the Bank from time to time. The Bank reserves the right to determine the applicable overdue / default interest rate for the overdraft facility.</p>
Overlimit Interest Rate	Not Applicable
Fees and Charges	
Annual Fee / Fee	<p>A one-off setup fee up to 1% ^of the approved facility limit. The fee will be levied on loan disbursement date.</p> <p>A non-refundable Renewal Fee shall become chargeable upon the renewal of the facility.</p> <p>For your reference, the amount of such Renewal Fee imposed by the Bank would generally be up to 1% ^of the approved facility limit.</p> <p>^ The fee is for your reference only. The actual fee applicable to a customer will be solely determined by the Bank and please contact the Bank's staff for details.</p>

Late Payment Fee and Charge	Not Applicable
Overlimit Handling Fee	Not Applicable
Returned Cheque / Rejected Autopay Charge	Not Applicable

Key Risks Disclosure

YOU ARE ADVISED TO CAREFULLY READ THIS DISCLOSURE OF KEY RISKS ASSOCIATED WITH THE LOAN. THIS SECTION DOES NOT CONTAIN ALL THE RISKS OF THE LOAN, AND IS NOT (AND IS NOT INTENDED TO BE), A COMPLETE LIST OF ALL RISKS AND CONSIDERATIONS RELEVANT TO SUCH LOAN FACILITIES.

1. Premium Financing not part of the Insurance Contract

Premium financing involves a facility granted by the Bank to you for paying the premium of your Insurance Policy or financing your other needs as approved by the Bank. It is a lending secured by your Insurance Policy as a collateral. Premium financing is a stand-alone arrangement between you and the Bank. It is not, and does not form part of the insurance contract between you and the relevant insurance company. The insurance company is not a party to the premium financing facility letter or the collateral assignment of the Insurance Policy ("**Deed of Assignment**") and is therefore not governed by the terms and conditions (including but not limited to dispute resolution) of the aforesaid documents you enter into with the Bank. In case you have any questions about the terms and conditions, you should contact the Bank.

2. Exchange Rate Risk

Foreign exchange rates are highly volatile and are influenced by, among other things, changing supply-demand relationships; trade, fiscal, monetary, political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place.

Exchange rate exposure arises when the loan currency is different from the currency of the Insurance Policy and there may be risk of adverse exchange rate movements in the currency of the Insurance Policy. For example, if any proceeds received under the Insurance Policy are denominated

in a currency other than the loan currency, those proceeds will have to be converted into the loan currency before being used for loan repayment (e.g. Insurance Policy proceeds received in a foreign currency will have to be converted into HKD for repayment of a HKD loan). Where the proceeds received from the Insurance Policy is substantially lower than the outstanding loan amount due to adverse fluctuation in the exchange rate, you will suffer a significant financial loss. Similarly, in the case of a premium financing loan, the borrower will be required (via a separate foreign exchange transaction with the Bank) to convert the loan proceeds into the relevant policy currency for settlement of the insurance payment. And such currency conversion may be carried out by the Bank at its prevailing exchange rates and subject to additional fees and charges.

3. Interest Rate Risk

Interest rates may rise unexpectedly and substantially as a result of changes in market conditions and local and/or global economic development. An increase in interest rates could raise the costs of servicing the loan. The interest payment under the loan may lower the actual benefit to be received from you, and hence reduce the actual net rate of return (i.e. net of interest payment). You may be exposed to significant interest rate risk if the interest rate applicable to the loan is not fixed (i.e. floating rate subject to changes from time to time), particularly that the loan interest rate is not capped as specified in the facility letter. Even in the case of fixed interest rate, the Bank may have discretion to adjust the interest rate applicable to the loan from time to time. Any increase in interest rate applicable to the loan will increase the cost of servicing the loan (i.e. increase in regular interest payments.). You may not be able to service the loan and may hence default when there is a substantial increase in the interest rate. Also, if the interest rate applicable to the loan substantially exceeds the rate of return generated by the Insurance Policy, you would suffer a significant financial loss. Moreover, you should note that the specific initial interest rate that is applicable for each loan will only be determined on the day of loan drawdown.

We may impose default interest charges if you fail to make any repayment on time. Please contact the Bank for details of the charges before you enter into the loan documentation and you or any third party Policyholder execute the Deed of Assignment in favour of the Bank. If necessary, please seek advice from your legal advisers.

4. Collateral Top-Up and Repayment on Demand Risk

If the loan-to-value ratio (i.e. the outstanding loan value vs current surrender value of the Insurance Policy) exceeds the maximum threshold as determined by the Bank from time to time, you will be required to provide additional collateral or reduce the outstanding loan. Otherwise, the loan could become due for repayment or subject to a higher interest rate as advised by the Bank at its sole discretion. If you fail to meet such requirement(s), the Bank may restructure or terminate the loan or exercise its rights on the Insurance Policy, such as surrendering the Insurance Policy. You should read the terms and conditions of the facility letter, for example, the frequency of review, the circumstances that may trigger the requirement(s) and the relevant arrangements of the requirement(s). You should consider your financial affordability in meeting the particular circumstances stated in the facility letter before purchasing life insurance products through the use of premium financing.

5. Offset Risk

There is a possible effect that the Policyholder's interest would hinge on the customer's credit relationship with the Bank as a whole, e.g. a breach of the lending terms for the customer's other credit facilities in the Bank may render the premium financing to be offset against surrender benefits of the Insurance Policy.

6. Counterparty Risk

If the insurance company or any member of its group becomes insolvent, becomes subject to bankruptcy, winding-up or similar proceedings, defaults on its obligations or there is any adverse change in its credit rating, the Bank may (but shall not be obliged to) review the loan and/or require immediate repayment of the loan and/or call for additional collateral.

7. Loan Recall Risk

The loan is subject to review by the Bank at any time and is also subject to the Bank's overriding right of withdrawal and repayment on demand. The Bank shall have the right to modify, suspend, cancel or terminate the loan at any time without prior notice.

8. Rate of Return Risk

There are many factors such as interest rate fluctuations, market condition, costs of insurance and (where the loan is secured by an ILAS policy (i.e. a life insurance policy with policy value and, if applicable, death benefits linked to the performance of underlying funds)) fluctuations in the value of the underlying funds which affect the returns generated from the Insurance Policy and the interest payment for the loan and hence, there is no guarantee that the costs of a loan can be compensated by the return from an Insurance Policy. The rate of return illustrated in the Insurance Policy may not be guaranteed and may not be sufficient to cover the loan interest, which may be worsened by rising interest rate. For any shortfall between the amounts of the proceeds of the Insurance Policy and the outstanding amount of the facility, the borrower shall remain liable for it. The actual benefit receivable under the Insurance Policy financed by a facility might be less than the amount indicated in the relevant Benefit Illustration, since part of the benefit payments would be offset by the repayment of the facility (including the principal amount of the facility and the relevant interests). This shortfall could be significant especially in circumstances where the size of the loan under the facility is large (or is a relatively large portion of the total premium payments under the insurance policies concerned in the case of premium financing). Where the loan is secured by an ILAS policy, the returns from the ILAS policy are contingent on the performance of the underlying funds and, accordingly, there is a risk of capital loss which may result in no return from the ILAS policy.

If the Insurance Policy includes non-guaranteed benefits, the projected non-guaranteed benefits shown in the Benefit Illustration are determined under the assumed investment return and are not guaranteed. If the investment return assumed for the Insurance Policy is not achieved, your non-

guaranteed benefits may be lower than those illustrated or substantially lower than the interest applicable to the loan facility, and in certain circumstances, may even be zero.

If the total return generated by the Insurance Policy is substantially lower than the interest payable under the loan facility, you will suffer a significant financial loss.

9. Conflicts of Interest

Potential and actual conflicts of interest may arise from the different roles played by the Bank in connection with the offering of the loans, the referral arrangements and the insurance products.

10. Assignment of Insurance Policy

For the arrangement of premium financing or policy financing loan facilities, the Insurance Policy will have to be duly assigned to the Bank as collateral by the Policyholder's execution of a Deed of Assignment. Please read the terms of the Deed of Assignment carefully and ensure that the Policyholder understands and agrees to them before the Deed of Assignment is executed and where there is(are) any irrevocable beneficiary(ies), he/she/they is/are agreeable to such arrangement. If you are not the Policyholder, you should also understand the terms of the Deed of Assignment.

Pursuant to the Deed of Assignment, the Policyholder assigns and transfers to the Bank all (or substantially all) rights, benefits and claims in and under the Insurance Policy. The Bank will be entitled to exercise all (or substantially all) the rights under the Insurance Policy. This includes (without limitation) the right to (i) collect from the insurance company the net proceeds of the Insurance Policy when it becomes a claim by the death of the insured or maturity/ surrender of the Insurance Policy; (ii) cancel the Insurance Policy and receive any refund or premium within the prescribed cooling-off period of the Insurance Policy; (iii) make withdrawals or surrender the Insurance Policy and receive the surrender value thereof at any time under the terms of the Insurance Policy; (iv) apply policy loan or exercise any options under the Insurance Policy; and (v) make certain changes or amendments to the Insurance Policy (e.g. appointment of new beneficiary, further pledge or assign the policy). You will not be able to exercise those rights unless the Bank's prior approval is obtained. In particular, upon assignment, all rights, benefits and entitlements of the Policyholder will be assigned to the Bank, and all proceeds payable under the Insurance Policy, including but not limited to all dividends, bonuses, distributions or share of surplus, dividend deposits or additions to the Insurance Policy or returns of premiums made, declared, distributed or apportioned together with interest (if any), are to be paid to the Bank first and any changes to the terms of the Insurance Policy (including, without limitation, any designation or change of beneficiary(ies)) will be subject to the Bank's prior approval.

You should therefore carefully read the terms and conditions of the facility letter and Deed of Assignment, and consider how these potential adverse impacts may affect the outcome of the Insurance Policy and whether Insurance Policy is still suitable for you.

11. Risk of Early Surrender/Termination/Withdrawal

If the Bank or the Policyholder terminates or surrenders the Insurance Policy or withdraws cash value before the end of the policy term, (i) the benefits receivable under the Insurance Policy may be substantially less than the sum of total premium paid and interest expenses incurred under the

facility letter, especially in the early years of the Insurance Policy; (ii) you may partially or fully lose the insurance coverage and may not be able to obtain the same insurance coverage; (iii) you may lose the entitlement to dividends, bonuses, etc. under the Insurance Policy; (iv) the Bank may apply all or part of the benefits receivable under the Insurance Policy against the outstanding amounts owed by you (whether or not the outstanding amounts are under the loan facility); and (v) in cases where the policy is required as part of conditions in your business or other arrangements, the termination of the policy may trigger further events of defaults in these arrangements with adverse consequences.

12. Death Benefit Risk

Upon the death of the insured, the amount of death benefit receivable under the Insurance Policy may be substantially less than the sum of total premium paid and interest expenses incurred under the facility letter, and you may suffer a significant financial loss. The Bank is entitled to collect from the insurance company the net proceeds of the Insurance Policy and to apply such proceeds to settle all the outstanding loan and interest expenses owing by the borrower under the premium financing or policy financing loan facilities (“**Outstanding Liabilities**”). If such proceeds is insufficient to settle all the Outstanding Liabilities, the Bank shall be entitled to claim against the borrower for the Outstanding Liabilities. The Bank will only, after all the Outstanding Liabilities have been fully settled, pay the remaining balance (if any) of the proceeds of the Insurance Policy collected from the insurance company to the beneficiary(ies) of the Insurance Policy.

13. Release of Information to the Bank (as Assignee of the Insurance Policy) for Access

Upon execution of the Deed of Assignment, your insurance company will release any information about your Insurance Policy (which may include, without limitation, personal data provided by you to the insurance company, surrender value, cash value, and any loans or advances on the Insurance Policy) to the Bank for access upon request. If necessary, please seek advice from independent legal advisers.

14. Impacts on Cooling-off Right

Under the Deed of Assignment, the right to cancel the Insurance Policy during the cooling-off period will be assigned to the Bank, and therefore any cancellation request will be subject to the Bank’s consent. If the Insurance Policy is cancelled within the cooling-off period, you may be obligated to repay the loan principal, interest and other administrative fee accrued under the loan facility. If the Bank exercises such right during the cooling-off period, the Bank will be entitled to any refund or premium payable as a result of the cancellation.

15. Risk of Late Premium Payment

If you fail to pay premium on the date as required by the insurance company, the Insurance Policy may be terminated, and in no circumstances is the Bank obliged to grant the premium financing overdraft facility to meet the due date(s) for payment of the premium for the Insurance Policy, for

any loss suffered by and for any penalty, surcharge or interest (howsoever is called) imposed on you as a result of failure.

16. Consequence of Late Repayment and Default of Loan Facility

For premium financing or policy financing loan facilities, you are obligated to repay the outstanding loan amount and interest payments according to the repayment schedule under the terms and conditions of the facility letter. Any late or default of loan repayment over the course of the loan facility, including interest payment and principal repayment, may trigger the Bank to demand the repayment of the loan immediately. The Bank may surrender the policy and recover the defaulted payment, causing you significant financial losses and loss of insurance coverage. You may not be able to obtain the same insurance coverage for reasons such as changes in health conditions. You shall remain liable for any shortfall between the amounts of the proceeds of the policy and the outstanding amount of the loan facility.

In addition, the Bank may set off any obligation under the loan facility owed by you to the Bank against any obligation owed by the Bank to you (including credit balances in any account you maintain with the Bank).

17. Exposure to Credit Risk

You are subject to the credit risk of the insurance company. In the event that the insurance company becomes default on its obligations or an adverse change in its credit rating, the Bank may, at its discretion, ask for additional collateral, adjust your credit limit, restructure or even terminate the loan facility. You may be obligated to repay the loan, the interest and administrative fee accrued immediately, and you shall remain liable for any shortfall between the amounts of the proceeds of the policy and the outstanding amount of the loan facility.

18. Payment Timing Mismatch

There is a possibility that the proceeds from the Insurance Policy will not be remitted to the Bank on or before the repayment date as specified in the facility letter (e.g. due to loan facility maturity date being earlier than your policy maturity date, or turn-around-time for policy benefits disbursement), resulting in the default of loan repayment by you. You will be solely liable for any late penalty interest or defaulting interest imposed by the Bank under the terms and conditions of the facility letter.

Additional Information

Loan Purpose

To finance part of the payment for single premium of Insurance Policy in case of premium financing; or

To provide liquidity based on the loan facilities secured by Insurance Policy in case of policy financing.

Note: It is not part of insurance policy contract.

Acceptable Collateral

All eligible Insurance Policies of insurance companies* on the Bank's approved list and subject to change from time to time at the Bank's discretion.

* A minor (i.e. a person under the age of 18) shall not be named as a beneficiary under the Insurance Policy.

Loan Type	Multicurrency Short Term Loan / Revolving Multicurrency Short Term Loan
Facility Tenor	1 year (subject to annual review)
Loan Tenor	Maximum 12 months (subject to review)
Principal Repayment	<p>Repayable in one lump sum upon cancellation of the loan, or in any of the following events:</p> <p>(a) death of the insured party which results in realization of the Insurance Policy;</p> <p>(b) a reduction in surrender cash value of the Insurance Policy; or</p> <p>(c) the borrower decides to reduce the outstanding loan with the use of its own funds.</p> <p>The borrower should inform the Bank as soon as possible of any difficulty in repaying or servicing the loan.</p>
Interest Payment	<p>The maximum interest period is twelve (12) months (or such other period as specified in the facility letter). Interest is payable by the borrower at the end of each interest period in arrears and is calculated on daily accrual basis based on a 360-day or 365-day year (both in ordinary and leap years) depending on the applicable market convention for the approved loan currency (e.g. a 360-day year for a USD loan and a 365-day year for a HKD loan).</p> <p>Interest on the facility will be charged once the loan is drawn down even though the cooling-off rights are subsequently exercised.</p>
Currency	USD, EUR, GBP, CHF, JPY, NZD, CAD, AUD, HKD or other major currencies offered and approved by the Bank for switching from one currency to another
Loan to Value	The maximum loan amount may not at any time exceed the Loan to Collateral Value (LTV) ratio of a certain percentage (as specified in the facility letter) of the cash surrender value* of Insurance Policy, depending on the credit rating of the insurance company/ies

*Remarks: Cash surrender value means the following:

1st day (Day One) cash surrender value of the insurance policy (N.B. Cash surrender value is derived after any deductions including cost of insurance and surrender charge upon surrender of policy/certificate), or cash surrender value of the Insurance Policy as advised by the insurer from time to time upon request of the Bank.

whichever is lower.

Important Notes:

1. The grant of any loan is subject to the Bank's prior approval and the terms and conditions as set out in the facility letter. This Key Facts Statement does not in any way replace, or modify, the terms and conditions set out in the facility letter (and any related loan or security documents including, without limitation, any Deed of Assignment).
2. The Bank will not rely on the information provided by any third party in considering your loan application (except that the Bank may rely on a credit report obtained from a credit reference agency) and all loan applications are subject to the Bank's usual credit assessment approval procedure.
3. The Bank will not authorize any third party to refer a potential borrower to the Bank if that third party will charge any loan-related fee to the borrower. The Bank will not proceed with a loan application if the Bank becomes aware that the borrower has been referred to the Bank by a third party (whether authorised or not) which charges any loan-related fee to the borrower.
4. Borrowers have to repay their own loans and should not pay any intermediaries.
5. Borrowers should maintain sufficient funds to pay any premium portion not financed by premium financing.
6. Borrowers should repay on demand the entire sum owed under the loan facility if demanded by the Bank.
7. The Bank and/or any of its associates would benefit from the offering of this product.
8. This Key Facts Statement does not constitute any offer, invitation, solicitation, recommendation or advice for making any application for or entering into any transaction by any person and the information contained in this document is provided for your reference only.
9. You should not rely on the above information alone to make any borrowing or insurance purchase decisions. Before making such decision, you should understand the nature, terms and risks of relevant products /services and undertake your own research and assessment and if necessary, seek independent advice to carefully consider whether the products /services are suitable in light of your own financial needs. The Bank reminds the Borrower to review the monthly statement of the Borrower's account and check the actual interest cost and/or any other fees and charges incurred from the facility. Please also be reminded to regularly review your premium financing / policy financing needs on an on-going basis.
10. No indication, representation, guarantee or other assurance as to the outcome of your application for this product has been or will be given to you by or on behalf of the Bank. If you are in doubt as to the contents of this Key Facts Statement, you should seek independent professional advice.

11. If this Key Facts Statement is made available in English and Chinese, the English version shall prevail to the extent of any inconsistency between the English and Chinese version. Chinese version is provided for reference only.

To borrow or not to borrow? Borrow only if you can repay!

The service(s) / product(s) mentioned herein is / are not targeted at customers in the EU.

I/We, the undersigned, confirm that I/we have read and understood this document and the Bank staff named below has clearly disclosed and explained to me/us the content of this document (in particular the key risks disclosure, the interest rate calculation, all building blocks for determining the applicable interest rate (applicable interest rate plus a pre-defined interest rate (if applicable)), the Bank's discretion to determine the applicable interest rate under this facility (including but not limited to the discretion to adopt the Interbank Offered Rate quoted by the Bank), and the Bank's discretion to determine the applicable overdue / default interest rate under this facility (including but not limited to the discretion to adopt the cost of funds quoted by the Bank)), limitations and consequences arising from loan facilities secured by the Insurance Policy and the relevant collateral assignment in the language I/we understand. And I/we confirm that I/we have been invited by the staff to ask questions and if necessary, seek independent advice in relation to this document. I/We further confirm that I/we understood the relevant risks, limitations and consequences arising from loan facilities secured by the Insurance Policy and the relevant collateral assignment.

Customer Name:

HKID/ Passport Number:

Date:

For Internal Use Only**Declaration by Bank Staff**

I have clearly disclosed and explained to the abovenamed customer(s) the content of this document (in particular, the key risks disclosure, the interest rate calculation, all building blocks for determining the applicable interest rate (applicable interest rate plus a pre-defined interest rate (if any)), the Bank's discretion to determine the applicable interest rate under the overdraft facility (including but not limited to the discretion to adopt the Interbank Offered Rate quoted by the Bank), and the Bank's discretion to determine the applicable overdue / default interest rate under the overdraft facility (including but not limited to the discretion to adopt the cost of funds quoted by the Bank)), limitations and consequences arising from loan facilities secured by the Insurance Policy and the relevant collateral assignment in the language that the customer(s) understand(s). I have also invited the customer(s) to ask questions and if necessary, seek independent advice in relation to this document.

Bank Staff Name:**Licence number with Insurance Authority:****Date:**