大新銀行
DAH SING BANK

Key Facts Statement (KFS) for Overdraft Facility

Dah Sing Bank, Limited (the "Bank")

Premium Financing / Policy Financing
(Applicable to Retail Banking Customer)
December 2024

This product is an overdraft facility secured by life insurance policy(ies).

A "premium financing" loan facility finances the payment of a certain percentage of the insurance premium when the borrower purchases the life insurance policy(ies).

A "policy financing" loan facility finances the flexibility on the financial needs secured by the fully paid up life insurance policy(ies).

In the above case, the borrower's obligations are secured by a collateral assignment of insurance policy(ies) to the Bank.

This statement provides you with indicative information about interest, fees and charges of this product but please refer to our facility letter for the final terms of your overdraft facility and the related collateral assignment (if applicable).

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(ies) between you and the Bank (which provides you with the premium financing / policy financing (subject to your facility application)). If you do not understand any of the following paragraphs or the advice or information provided to you by the Bank is different from the information in this statement, please do not sign this statement and do not proceed with the application for premium financing / policy financing (subject to your facility application).

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。

Interest Rates and Interest Charges	
Annualised Interest Rate	The annualised interest rate for this product is#: • USD: The Bank's USD 1-Month Interbank Offered Rate **PLUS** 1.20% to 1.40%. • HKD: First 2 years (i) The Bank's HKD 1-Month Interbank Offered Rate **PLUS** 1.20% to 1.40%, or (ii) The Bank's HKD Prime Rate **MINUS** 0.875% to 1.125%, whichever is lower. Thereafter The Bank's HKD 1-Month Interbank Offered Rate **PLUS** 1.20% to 1.40%. ***# The Bank has the discretion to adopt the Interbank Offered Rate quoted by the Bank. Please contact the Bank's staff for the Bank's latest USD / HKD 1-Month Interbank Offered Rate and the Hong Kong Dollar Prime Rate quoted by the Bank. The Bank reserves the right to determine the applicable interest rate for the overdraft facility.***
Annualised Overdue / Default Interest Rate	Not Applicable
Overlimit Interest Rate	The Bank's USD Prime Rate + 10% per annum / The Bank's HKD Prime Rate + 6% per annum* will be applied to the amount in excess, if your outstanding balance exceeds the credit limit of the facility. *Note: Please contact the Bank's staff for the Bank's latest USD / HKD Prime Rate quoted by the Bank.* ** Subject to the denominated currency of the relevant overdraft facility.*
Fees and Charges	
Annual Fee / Fee	0.25% of the approved facility limit per annum, minimum at USD320 or HKD2,500* (round-up to ten). The Annual Fee will be levied on the loan disbursement date and each anniversary thereof and payable in advance. ** Subject to the denominated currency of the relevant overdraft facility.*
Late Payment Fee	Not Applicable

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and Charge	
Overlimit Handling Fee	USD19 / HKD150* will be charged for each time if your outstanding balance exceeds the credit limit of the facility. ** Subject to the denominated currency of the relevant overdraft facility.*
Returned Cheque / Rejected Autopay Charge	• USD20 / HKD150* per returned cheque due to lack of funds / uncollected funds • USD15 / HKD100* per returned cheque due to other reasons (except post-dated cheque) • HKD150 per rejected autopay due to lack of funds Please refer to the latest "Bank Service Charges" for details. ** Subject to the denominated currency of the relevant overdraft facility.*

Additional Information

Increase in Annualised Interest Rate and / or Levying of the Annual Fee as a result of Cancellation of VIP Banking Status (if applicable) and / or Failure in Fulfilling the VIP Banking Requirements (if applicable): The Bank will increase the annualised interest rate of the facility to the annualised interest rate applicable to non-VIP Banking customers and / or levy the Annual Fee if a VIP Banking customer cancels his / her VIP Banking status (if applicable) and / or is found by the Bank during the annual review of the premium financing / policy financing (subject to his / her facility application) facility to have failed to fulfill any of the VIP Banking requirements of the Bank (if applicable). Refer to the terms and conditions of VIP Banking for details.

Administration Fee on Early Facility Cancellation: 2% on original facility limit if early facility cancellation takes place in 2 years (or 7 years for tenor of life insurance policy > 7 years) after drawdown. This fee is not applicable if the life insurance policy(ies) is(are) cancelled within the cooling-off period.

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 and 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).

Eligible insurance plan for Premium Financing (applicable to insurance plan with single upfront premium payment only) / Policy Financing (applicable to fully paid up life insurance policy) must be the Bank's **designated life insurance policy(ies)** (applicable to insurance plan with single upfront premium payment only) ("**Insurance Policy**"). A collateral assignment of the Insurance Policy values to the Bank is required.

Premium Financing / Policy Financing is a secured overdraft facility and its terms, including but not limited to interest rate, will be **subject to periodic review**. The outstanding amount of the overdraft facility at all times **shall not exceed the maximum loan-to-value ratio of the cash value of the Insurance Policy determined by the Bank or the approved facility limit**, whichever is lower.

Interest on any outstanding amount of the overdraft facility shall accrue on **daily basis**; be calculated on the actual number of days incurred and a 360-day year for USD / 365-day year for HKD (for both ordinary and leap years); and **be settled on monthly basis. Any unpaid interest will become part of the outstanding amount due to the Bank** and bear interest accordingly.

The overdraft facility shall be subject to the Bank's **customary overriding right of repayment on demand**, including the right to call for full cash cover in respect of both prospective and contingent liabilities, if in the Bank's opinion that it would be contrary to the prudent banking practice for the overdraft facility to continue for whatever reasons.

In the event of default, the Bank may immediately **at its discretion exercise powers**, including but not limited to surrendering the Insurance Policy, receiving the surrender value or collecting the policy proceeds, without giving prior notice.

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.

You should not rely on the above information alone to make any borrowing or insurance purchase decisions (if applicable). 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 actual interest cost of the overdraft facility will accrue from day to day and be payable monthly by debiting the Borrower's current account. The Bank reminds the Borrower to review the monthly statements of the Borrower's current account and check the actual interest cost and / or any other fees and charges incurred from the overdraft facility. Please also be reminded to regularly review your premium financing / policy financing (subject to your facility application) needs on an on-going basis.

<u>Risk Disclosure Statements</u>

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) 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.

3) Collateral Top-up and Repayment on Demand Risk

If the loan-to-value ratio ("LTV") (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 at the Bank's 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.

In addition, collateral top-up is likely to be required if there are unfavourable movements of the interest rate / crediting rate for the underlying Insurance Policy and the surrender value of Insurance Policy is earning at a rate insufficient to cover all charges in relation to the Policy and in that case, the ratio of loan outstanding to the current surrender value may exceed the approved LTV of the current surrender value.

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.

4) 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). The increased costs of interest payment may reduce, or even exceed your actual benefit and actual net rate of return (i.e. net of interest payment) under the Insurance Policy (please also refer to "Rate of Return Risk" below). 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 and with no cap). 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. On the other hand, the cash value of your Insurance Policy may not increase as fast as the interest rate. In such case, the loan balance may exceed the value of the Insurance Policy (please also refer to the "**Collateral Top-up and Repayment on Demand Risk**"). Customer should factor in these possibilities when considering whether this arrangement is suitable.

Illustration Example:

First 2 years	The Bank's HKD Interbank Offered Rate (IBOR)	The Bank's HKD Prime Rate	Interest Rate for Premium Financing / Policy Financing Calculation^	Interest Rate for Premium Financing / Policy Financing^	Return under the Insurance Policy	Return in Total‡
Example 1	5.250%	6.125%	(i) IBOR + 1.40% = 6.650% or (ii) Prime Rate – 0.875% = 5.25% (whichever is lower)	5.25%	5.500%	0.250% (Positive Return)
Example 2	5.500%	6.125%	(i) IBOR + 1.40% = 6.900% or (ii) Prime Rate – 0.875% = 5.25% (whichever is lower)	5.25%	5.25%	0.000% (No Return)
Example 3	5.750%	6.125%	(i) IBOR + 1.40% = 7.150% or (ii) Prime Rate – 0.875% = 5.25% (whichever is lower)	5.25%	5.00%	-0.250% (Negative Return)

Thereafter	The Bank's HKD Interbank Offered Rate (IBOR)	Interest Rate for Premium Financing / Policy Financing^	Return under the Insurance Policy	Return in Total‡
Example 1	5.250%	IBOR + 1.4% = 6.65%	6.90%	0.250% (Positive Return)
Example 2	5.500%	IBOR + 1.4% = 6.90%	6.90%	0.000% (No Return)
Example 3	5.750%	IBOR + 1.4% = 7.15%	6.90%	-0.250% (Negative Return)

^ The calculation method of interest rate for Premium Financing / Policy Financing may be varied subject to the denominated currency of the facility. Please refer to the Bank's facility letter for details.

‡ Return in Total shown as above do not include other fees and charges, including but not limited to annual fees and administration fee of Premium Financing / Policy Financing Facility. Customer should note that the Return in Total will be affected if the said fees and charges will be charged, if applicable.

The above examples are subject to no unsatisfactory interest payment history and no over limit of the Premium Financing / Policy Financing Facility. The figures provided in the above examples are hypothetical and for illustrative purposes.

Besides, you should note that the specific initial interest rate that is applicable to each loan will only be determined on the day of loan drawdown and the interest on the facility will be charged once the loan is drawn down even though the cooling-off rights are subsequently exercised.

5) 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 premium financing, 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.

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. For details, please refer to item 3 above.

7) Assignment of the Insurance Policy

For the arrangement of premium financing / policy financing, 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 understand and agree 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 for 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 contract 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.

As the Insurance Policy will be assigned to the Bank upon the execution of the Deed of Assignment, any withdrawal of policy value is prohibited within the loan tenor. Therefore, the policyholder should consider own liquidity needs and affordability before applying for premium financing / policy financing.

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.

8) Risk of Early Termination / Surrender / 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 Insurance Policy is required as part of conditions in your business or other arrangements, the termination of the Insurance Policy may trigger further events of defaults in these arrangements with adverse consequences.

9) 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 / policy financing ("**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.

10) Rate of Return Risk

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. If the return of Insurance Policy drops, or the actual interest rate of the loan facility rises due to rising market interest rate and exceeds the return of the Insurance Policy, the borrower may suffer substantial loss since the return of the Insurance Policy cannot cover the cost of the overdraft facility. 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 an 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). As the Insurance Policy will be assigned to the Bank upon the execution of the Deed of Assignment, any withdrawal of policy value is prohibited within the loan tenor. Please also refer to the "Assignment of the Insurance 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.

11) Risk of Late Premium Payment (Applicable to Premium Financing only)

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.

12) Consequence of Late Repayment and Default of Loan Facility

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 premium financing facility.

In addition, the Bank may set off any obligation under the premium financing / policy financing 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).

13) Conflict of Interest

(If applicable) 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.

14) 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 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 in any doubt, please seek advice from independent legal advisers.

15) 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.

16) 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 / policy financing to be offset against surrender benefits of the Insurance Policy.

17) 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.

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.

The English version of this Key Facts Statement shall prevail to the extent of any inconsistency between the English and Chinese version. The 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.