



Life Insurance Policy Financing Facility¹

Customers can pledge their Life Insurance Policies¹ as collateral to obtain credit facility to free up the cash flow for premium payment or to refinance fully paid life insurance policy to free up cashflow for the alternative purposes; while obtaining the needed coverage from the Life Insurance Policies.

- Life Insurance Policy¹ as collateral to enjoy cash flow liquidity
- An additional source of borrowing at a competitive interest rate
- Flexible repayment schedule

Premium Financing

Premium Financing is a financing solution/payment option for paying life insurance premiums when you can borrow funds needed to pay a certain portion of the premiums (subject to Loan Advance Ratio) from a lender, rather than paying the full premiums directly out of your pocket. It is a fantastic tool for High Net Worth individuals for leveraging your assets to purchase life insurance coverage.

Premium Refinancing

Premium Refinancing is a financing solution to borrow against the cash value of fully paid life insurance policy. It is a useful tool to enhance your financial flexibility based on your assets.

Product Highlights

	Premium Financing	Premium Refinancing
Credit Facility Nature	Revolving loan that allows customers to draw loan from the approved credit limit	
Loan Advance Ratio	Up to 90% of the first-day cash surrender value of the Life Insurance Policy securing the loan	Up to 90% of the Net Cash Surrender Value or Instant Total Surrender Value of the Life Insurance Policy securing the loan
Loan Amount (Facility Limit)	Max: US\$10 million or equivalent; Min: US\$50,000 or equivalent	
Facility Currency	SGD or USD or HKD	
Repayment Options	i) Interest only OR ii) Principal and Interest	
Repayment Schedule/ Tenority Nature	3 days to 12 months (subject to annual facility review)	
Interest Rate	As low as: SGD: Overnight SORA ⁷ + 1.85% p.a. USD: 1 month Term SOFR ⁶ + 1.85% p.a. HKD: Overnight/1 month HIBOR ⁴ + 1.85% p.a.	
Loan Disbursement/Drawdown	Borrower has to pay a sum of premium not being financed prior to loan disbursement. Loan will be disbursed and transferred to your pre-arranges insurer as premium payments.	Arrange with your Relationship Manager.

Overlimit Interest Rate

As low as Prime⁵ Rates plus 4% (min. USD 18 or SGD 20, where applicable) will be applied to the excess limit used on top of the credit line granted for Revolving Credit Facility.

Above information is for reference only, please refer to "Standard Terms for Banking Facilities" for detailed terms and conditions. For further details of Premium Financing / Refinancing, please contact your Relationship Manager.

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

www.cncbinternational.com/international/banking-in-singapore/en/index.jsp

Important Points to Note:

1. Life Insurance Policy Financing Facility included both Premium Financing and Refinancing where both are uncommitted facilities secured by eligible Life Insurance policy issued by an insurance company designated by China CITIC Bank International Limited Singapore Branch (the "Bank"), where the outstanding loan amount is repayable on the demand by the Bank. The facility is subject to the Bank's review and discretion with respect to the maximum limit of the facility, requirement of additional collateral, and demand for repayment, due to but not limited to situations of insurer's credit rating being downgraded, a drop in cash value of the policy, a default in repayment or a decrease of the maximum loan-to-value ratio. Assignor assigns and agrees to assign absolutely to the Bank all the Assignors / Beneficiary's present and future rights, title and interests in and to the Policies, all claims under the Policies and all proceeds of the Policies. The Bank shall have a lien on all assets of the Borrower coming into the possession or control of the Bank, for custody or any other reason and whether or not in the ordinary course of banking business, with power for the Bank to sell such assets to satisfy the obligations and liabilities of the Borrower to the Bank. Until the Secured Liabilities (as defined in the Assignment) are paid or discharged in full, each of the Assignor and the beneficiary under the Insurance Policy (the "Beneficiary") irrevocably and unconditionally postpones all of its rights of contribution from any co-assignor. Where the Bank's designated insurance company approves the existence of insurable interest between the Insured and the named Beneficiaries in the policy and accept the relevant insurance application, the policy is in principle acceptable by the Bank as security, except that: (1) there is no minor beneficiary(ies) named or designated under the policy; (2) there is no irrevocable beneficiary(ies) named or designated under the policy. Additional bank documents may be required for specific class of beneficiary(ies).

There will be various risks associated with Premium Financing or Refinancing. For the specific risks involved for the corresponding policy, refer to the key risks associated with life insurance policy financing facility for details.

2. Applicable to eligible policies purchased through Selected Broker. Please check with your Relationship Manager for the list of eligible policies.
3. "Cost of Funds" means such rate as shall be determined from time to time by the Bank at its sole and absolute discretion to be the cost of its funding from whatever sources it may select.
4. "HIBOR" means, for the applicable interest payment period or a tenor (including overnight), the Hong Kong Interbank Offered Rate.. HIBOR can be referred to the HKD settlement rates published by The Hong Kong Associations of Banks or any other person which takes over the administration of that rate on <http://www.hkab.org.hk/DisplayInterestSettlementRatesAction.do>. If such page or service ceases to be available, the Bank may specify another page or service displaying the relevant rate.
5. "Prime" refers to the Hong Kong/Singapore/US Dollar Prime Rate as quoted by the Bank from time to time, subject to fluctuations.
6. "SOFR" means the secured overnight financing rate administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate)."Term SOFR" means, for the applicable interest payment period or a tenor (including overnight), the forward-looking term rate based on SOFR that is selected by the Bank at its sole discretion giving due consideration to any selection or recommendation by the relevant governmental body (or the administrator of SOFR or the supervisor of such administrator) in relation to the period of approximate length as that interest payment period or tenor.
7. "SORA" means the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore ("MAS") (or any successor administrator), as the administrator of the benchmark, on the MAS's website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the MAS (or as published by its authorised distributors)."Daily Simple SORA " means, for any RFR Banking Day, SORA (expressed in percentage rate per annum and determined by the Bank, and rounded up to such decimal places as the Bank considers appropriate) for the RFR Banking Day.
8. The payment benefit (if applicable) of the Policy (including any guaranteed annuity payment, cash coupon, distributed dividend and their interest (if any)) can only be accumulated in the Policy account and cannot be withdrawn while the Facilities are in force.
9. The Bank shall have the right to collect the proceeds, and/or dividends, and/or bonuses of the Policy, or exercise any options contained in the Policy in all circumstances against the outstanding amounts owed by the Borrower to the Bank. The Bank is also entitled to obtain loans or advances on the Policy assigned from the insurer or at any time the insurer may allow from any other persons by pledging or assigning the Policy as security.
10. Within the applicable cooling-off, the Bank shall have the right to exercise the cooling-off right under the Policy, which is the right to cancel new policies to obtain a refund of the premium(s) paid, subject to the market value adjustment (if applicable).
11. Where the interest rate of any Facility is determined by reference to Prime / HIBOR / Term SOFR / Daily Simple SORA is below zero, Prime / HIBOR / Term SOFR / Daily Simple SORA will be deemed to be zero.

Where the interest rate for any Facility is determined by reference to a percentage over Prime / HIBOR / Term SOFR / Daily Simple SORA, the Bank may at any time adopt the Bank's Cost of Fund as the applicable interest rate for that Facility where the interest rate so determined by reference to a percentage over Prime / HIBOR / Term SOFR / Daily Simple SORA would be less than the Bank's Cost of Fund.

Where the interest rate for any Facility is determined by reference to Prime / HIBOR / Term SOFR / Daily Simple SORA minus a percentage, the Bank may at any time adopt the Bank's Cost of Fund as the applicable interest rate for that Facility where the interest rate so determined by reference to Prime / HIBOR / Term SOFR / Daily Simple SORA minus a percentage would be less than the Bank's Cost of Fund.

For loan period where Prime / HIBOR / Term SOFR / Daily Simple SORA is not available, the Bank may at any time adopt the Bank's Cost of Fund as the applicable interest rate for the relevant Facility.

Disclaimers:

- The information shown in this leaflet is for general reference only and shall not in any manner constitute or be deemed as an offer or solicitation to buy or sell any insurance products anywhere. Neither shall it be or be deemed as recommendation or advice on the suitability of any insurance products to customers.
- This information in this leaflet is for general reference only and shall not in any manner constitute or be deemed as an offer, solicitation, recommendation or advice on the suitability of any loans.
- All applications are subject to the approval of the Bank in its sole and absolute discretion and the applicable terms and conditions may change from time to time.

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Key Risks Associated with Life Insurance Policy Financing Facility

1. Policy Assignment Risk

For premium financing or refinancing, the Insurance Policy (including the rights, title and interests in and to the Insurance Policy, all claims under the Insurance Policies and all proceeds of the Insurance Policies) should be assigned from policy holders to the Bank, meaning that the policy rights, title and interests have been transferred to the Bank. As such, the Bank shall have the sole right to (i) collect the proceeds of the Insurance Policy from the insurer when a claim arises under the Insurance Policy, whether due to the death of the insured or the maturity of the Insurance Policy, and (ii) fully or partially surrender the Insurance Policy and receive the surrender value thereof, and apply all or part of the proceeds against the outstanding amounts owed by the Borrower to the Bank. The Bank shall pay any surplus after repayment of the loan facilities (if any) to the Borrower or the designated beneficiaries under the Insurance Policy or make any necessary arrangement pursuant to the provisions of the Insurance Policy. The Borrower shall remain liable for any shortfall between the amounts of the claim proceeds and/or surrender value of the Insurance Policy (as the case may be) and the Secured Liabilities (as defined in the Assignment).

2. Surrender Risk

The Insurance Policy will be subject to a Surrender Charge (if applicable). If the Borrower surrenders the policy, the amount payable is the Policy Value computed at the time of policy termination less any Surrender Charge and/or indebtedness, and may be substantially less than the total premiums and interest paid for the premium facility that the Borrower has paid. Please note that the policy holder may not be able to obtain the same coverage due to reasons including without limitation increases in premium and changes in health conditions. Indebtedness means indebtedness to the Insurance Company against the policy and that includes but not limited to any outstanding policy loan amount and interest accrued to date.

Premium Financing or refinancing loan outstanding amount is repayable on demand by the Bank. Please note that the Bank may exercise any rights in and to the insurance policy including but not limited to modify/ terminate the premium financing or refinancing arrangement, which may trigger negative effects to the Borrower including but not limited to early surrender of the insurance policy (e.g., if the customer is unable to meet his/her repayment obligation under the facility). In this situation, it will result in losing the original purpose of buying the Insurance Policy (such as to achieve desired financial goal of increasing the estate to be left to the designated beneficiaries, and/or to enjoy the protection and benefits provided by the related Insurance Policy, etc.); thus, leading to risks and potential financial loss (e.g., loss of entitlement to income, dividends, bonuses, or other payments with respect to the insurance policy) due to early/partial surrender.

3. Credit Risks of Insurance Company

In the event the insurance company becomes insolvent or defaults on its obligations, the Bank may have a claim against the Borrower if the net amounts received by the Bank under the Insurance Policy are inadequate to pay off the outstanding amounts owed by the Borrower. The maximum loan to value ("LTV") ratio will depend on the credit rating of the relevant insurance company acting as the insurer under the Insurance Policy. The Bank may at its discretion modify, reduce and terminate the Facility in the event of any adverse change of the long-term credit rating of the insurer, and the Bank is also entitled to require immediate payment and/or cash collateralization of all or any sums actually or contingently owing to it under the Facility.

4. Death Benefit Risk

In case of the death of the insured under the Insurance Policy during the policy term, the proceeds received by the Beneficiary or the estate successor (s) may be less than the aggregate amount paid by the Borrower in connection with the Facility and subscription of the policy (including the sum of the premium paid and the incurred interest under the Facility).

5. Interest Rate Risk

Under the Facility, the interest rates applicable to the loan(s) may change over time, such that the Borrower may be required to pay additional interests and the costs of financing the loan(s) may increase. In addition, it may lead the net cost of interest payable higher than the rate of return generated from the Insurance Policy, resulting in loss to the Borrower. The Bank reserves the right to (at its discretion) adjust interest rate of Life Insurance Policy Financing Facility from time to time.

Below example illustrates the change in monthly interest expense based on various interest rates.

Example details:

- Outstanding loan amount: SGD1,000,000
- Facility interest rate: COF + 1.7% per annum

COF Rates	1%	3%	5%
Interest rate	2.7%	4.7%	6.7%
Estimated monthly interest expense (estimation based on 30 days)	SGD2,219.19	SGD3,863.01	SGD5,506.85

The above example is for illustration purposes only and contains certain assumptions that are not guaranteed. Actual interest expense may be affected by change in interest rate. Actual interest rate may go higher or lower than the above illustrative example.