

Policy Crediting Interest Rates (for Universal Life insurance products)

What are Universal Life insurance products?

Universal Life insurance products are long-term insurance plans offering a high level of protection with competitive features and flexibility for policyholders' multi-generational planning needs and other insurance needs. For details of the product features and key risks of Universal Life insurance products, please refer to the relevant product materials and policy provisions.

The benefits provided by Universal Life insurance products are impacted by the crediting interest rates as well as applicable charges. The General Crediting Interest Rate is a floating rate determined by HSBC Life (International) Limited ("we" or "us"), subject to a guaranteed minimum floor as set out in the Policy Provisions.

General Crediting Interest Rate Philosophy

The applicable General Crediting Interest Rates vary depending on the policy currency and product series. We review such rates regularly from time to time. We will inform you of any subsequent change of the General Crediting Interest Rates for your policy.

When determining the General Crediting Interest Rate, which applies to each Universal Life insurance policy, we consider the following factors, including but not limited to:

Investment returns: The investment returns on the assets supporting the Universal Life policies include interest earnings as well as losses or gains realized upon the disposal of assets or asset impairments. The investment returns on Universal Life underlying portfolios are not guaranteed.

The expectation of the long-term future investment returns: If the investment returns over the long-term are better than expected, then the General Crediting Interest Rate would increase and if the investment returns are worse than expected, then the General Crediting Interest Rate would decrease.

The claims: The cost of providing the death benefit and other insured benefits under Universal Life insurance policies.

The surrender experience: Total and partial surrenders, and their corresponding impact on investments.

The expenses: The actual amount of expenses incurred and apportioned to the group of policies, e.g. our underwriting and general overhead costs



General Crediting Interest Rate



Claims



Investment Returns



Surrender Experience



Expenses

In order to ensure fairness to all policyholders when defining crediting interest rates, and that any conflicting interests of policyholders with other policyholders and/or shareholders have been properly addressed, a dedicated committee formed from a group of professionals will provide independent advice on the management of the universal life business.

Investment philosophy for Universal Life underlying portfolios

We maintain a prudent approach to investing for the Universal Life underlying portfolios, with the primary goal being the delivery of long-term value to all policyholders.

Each portfolio is invested in fixed income assets (predominately corporate bonds but also government bonds and alternative credit) under pre-determined diversification and rating objectives. The current long term investment strategy is to invest in diversified long term fixed income assets primarily with investment grade credit quality (BBB- or above). Fixed income assets of other credit quality (including unrated fixed income assets) would also be considered if they fit our risk appetite profile. However, the Jade Universal Life underlying portfolios are conservatively positioned to limit the exposure to fixed income assets of other credit quality. Assets are held by us with long term prospects in order to match our long term liabilities. Subject to our investment policy, derivatives may be utilized to manage our investment risk exposure, for matching between assets and liabilities and for efficient portfolio management.



Historical General Crediting Interest Rate of Universal Life Insurance Products

Update: March 2023

The following tables show the historical General Crediting Interest Rates for each of the universal life insurance products issued by the Company with new policies issued in the last 5 calendar years (where applicable) prior to the reporting year. **These results are intended for your reference only.** The historical General Crediting Interest Rates described below are not guaranteed and should not be taken as indicator of future crediting interest rates of our universal life insurance products. The actual future General Crediting Interest Rates may be lower or higher than the historical General Crediting Interest Rates as illustrated.

Jade Ultra Global Generations Universal Life

Product Series	No-Lapse Guarantee (NLG) Option	Currency	General Crediting Interest Rates for reporting year 2022										
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Currently available	N/A	USD	N/A	N/A	N/A	N/A	N/A	N/A	3.85%	3.85%	3.78%	3.55%	3.55%
		AUD	N/A	N/A	N/A	N/A	N/A	N/A	2.90%	2.86%	2.39%	2.00%	2.00%
		CNY	N/A	N/A	N/A	N/A	N/A	N/A	3.30%	3.30%	3.23%	3.00%	3.00%
	Yes, NLG to age 100	USD	N/A	N/A	N/A	N/A	N/A	3.30%	3.30%	3.23%	3.00%	3.00%	
Not available	N/A	USD	3.89%	3.90%	3.90%	3.81%	3.60%	3.65%	3.65%	3.58%	3.35%	3.35%	
		AUD	4.34%	4.00%	3.73%	3.22%	2.90%	2.90%	2.86%	2.39%	2.00%	2.00%	
		CNY	N/A	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.23%	3.00%	3.00%	
	Yes, NLG to age 100	USD	3.68%	3.65%	3.65%	3.56%	3.30%	3.30%	3.30%	3.23%	3.00%	3.00%	
	N/A	GBP	4.00%	4.00%	4.00%	3.62%	3.30%	3.23%	2.95%	2.95%	2.95%	2.95%	
	Yes, NLG to age 80	USD	3.78%	3.75%	3.75%	3.66%	3.40%	3.40%	3.40%	3.33%	3.10%	3.10%	
	Yes, NLG to age 90	USD	3.73%	3.70%	3.70%	3.61%	3.35%	3.35%	3.35%	3.28%	3.05%	3.05%	
	Yes, NLG Lifetime	USD	3.63%	3.60%	3.60%	3.51%	3.25%	3.25%	3.25%	3.19%	3.00%	3.00%	

Jade Global Generations Universal Life

Product Series	No-Lapse Guarantee (NLG) Option	Currency	General Crediting Interest Rates for reporting year 2022									
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Currently available	N/A	USD	3.89%	3.90%	3.90%	3.81%	3.60%	3.65%	3.65%	3.58%	3.35%	3.35%
		AUD	4.34%	4.00%	3.73%	3.22%	2.90%	2.90%	2.86%	2.39%	2.00%	2.00%
		CNY	N/A	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.23%	3.00%	3.00%
	Yes, NLG to age 100	USD	3.68%	3.65%	3.65%	3.56%	3.30%	3.30%	3.30%	3.23%	3.00%	3.00%
Not available	N/A	GBP	4.00%	4.00%	4.00%	3.62%	3.30%	3.23%	2.95%	2.95%	2.95%	2.95%
	Yes, NLG to age 80	USD	3.78%	3.75%	3.75%	3.66%	3.40%	3.40%	3.40%	3.33%	3.10%	3.10%
	Yes, NLG to age 90	USD	3.73%	3.70%	3.70%	3.61%	3.35%	3.35%	3.35%	3.28%	3.05%	3.05%
	Yes, NLG Lifetime	USD	3.63%	3.60%	3.60%	3.51%	3.25%	3.25%	3.25%	3.19%	3.00%	3.00%

Goal Access Universal Life Plan (Protection)

Product Series	No-Lapse Guarantee (NLG) Option	Currency	General Crediting Interest Rates for reporting year 2022									
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Currently available	N/A	USD	N/A	N/A	3.30%	3.30%	3.30%	3.30%	3.30%	3.23%	3.00%	3.00%

Goal Access Universal Life Plan (Education)

Product Series	No-Lapse Guarantee (NLG) Option	Currency	General Crediting Interest Rates for reporting year 2022									
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Currently available	N/A	USD	N/A	N/A	3.30%	3.30%	3.30%	3.30%	3.30%	3.23%	3.00%	3.00%

Remarks

- i) Some of the above results are shown as “N/A” because the corresponding product option and/or policy currencies were not yet available at the relevant time.
- ii) For a given year and product option/policy currency, the historical General Crediting Interest Rate is equal to the time-weighted average of the General Crediting Interest Rates applied to all policies of the corresponding product option/policy currency over that year, irrespective of the respective policy issue dates. For example, in 2016, the General Crediting Interest Rate applied to all USD policies of Jade Global Generations product without No-Lapse Guarantee option has been changed from 3.90% to 3.55% on 3 Oct 2016. That means, the rate of 3.90% applied over 276 days from 1 Jan 2016 to 2 Oct 2016 and the rate of 3.55% applied over the remaining 90 days from 3 Oct 2016 to 31 Dec 2016. The time-weighted average of the General Crediting Interest Rate applied to all USD policies of Jade Global Generations product without No-Lapse Guarantee option was 3.81% in 2016 which is calculated as follows:
$$3.81\% = (3.90\% * 276 \text{ days} + 3.55\% * 90 \text{ days}) / 366 \text{ days};$$
 where 366 is the total number of days in 2016.
- iii) The time-weighted average General Crediting Interest Rates for a particular year as shown above will not change in the future.
- iv) The above universal life insurance products are underwritten by HSBC Life (International) Limited (“the Company”), a HSBC Group insurance underwriting subsidiary. The Company is incorporated in Bermuda with limited liability and is authorised and regulated by the Insurance Authority (IA) to carry on long term insurance business in the Hong Kong SAR. You are subject to the credit risk of the Company. Your premiums paid will form part of the Company’s assets. You do not have any rights or ownership over any of those assets. Your recourse is against the Company only. Universal Life insurance products are long term life insurance protection. They are not equivalent or similar to any kind of bank deposit. The proceeds received upon policy surrender, whether partial or full, may be less than the total premiums paid.