

THE HONGKONG AND SHANGHAI CORPORATION LIMITED (HSBC) PRODUCT DISCLOSURE SHEET - Clean Import Loan

The HSBC Commercial Banking team helps internationally focused businesses in Brunei to ascertain any funding and financing requirements through careful assessment of their financial statements, trade cycle and growth aspirations.

What is this product about?

Clean Import Loan Financing is the provision of working capital finance for open account transactions in small and medium enterprises, more generally known as invoice financing. A Clean Import Loan may be provided in either BND or foreign currency for your exports/domestic sales and imports/domestic when purchased.

What are the benefits for the customer?

The facility for Clean Import Loan Financing is constructed around your business/company's trading cycle and the nature of business, allowing your business/company to enjoy attractive interest rates while ensuring that finance will be available to cover your sales / purchases.

Clean Import Loan Financing bridges the gap between receipt of your sales proceeds and the settlement of your trade payables and will help in improving your business/company's cash flow

- Loan Facility Amount: Your Relationship Manager(RM) will work with you to determine the Loan Facility Amount, based on HSBC's Credit Assessment criteria. The minimum or maximum amount of the loan will depend on your trade cycle, trade requirements, and your RM's estimation.
- Loan Tenor Period: Max. 180days

What is the interest rate charged for this product?

With the assistance of your RM, the interest rate shall be determined by the EIR rates specified below, and the following:

- a) your credit history; and
- b) HSBC's Credit Assessment criteria.

The **maximum** EIR per annum for the **Clean Import Loan** is 8.00% as it falls under the Small & Medium Enterprises sector (as seen below).

This is in accordance with the Regulation of Interest Rates (s 4.1.1 Notice No.1/2013), where the **maximum** Effective Interest Rate (EIR) per annum can range from between 5% and 8% depending on the type of security and the sectors for which the loan is secured for:

	Type of Security	EIR per annum
A	Credit Facilities against fixed deposits under lien to the bank (excluding credit cards)	5.00%
B	Non-property credit facilities against property charged (mortgage)	5.25%
C	Corporate credit facilities against the joint and several guarantees of directors (corporate guarantees)	6.00%
D	Credit facilities against direct debit to salary/pension assigned to the bank (excluding overdrafts)	7.50%

	Sector	EIR per annum
A	Oil & gas-related small & medium enterprises *	5.50%
B	Credit facilities for national infrastructure projects **	5.50%
C	Small & medium enterprises ***	8.00%

* against the award of contract/subcontractors from primary producers of oil & gas or oil & gas products

**against the award of contract/subcontracts

***subject to project viability and for borrowers who meet the Ministry of Industry and Primary Resources' definition of small & medium enterprises.

What are the details of repayment?

- Your business/company will need to repay the full value of the loan on due date plus interest charged for the duration of the loan tenure
- When loan is drawn as per the Bill of Lending date, the customer will have to settle the loan before expiry of the tenor within 90 days.
- Customers are entitled to repay the loan anytime (inclusive of interest charged) within the tenor period.

Example:

A customer is required to pay back the loan amount including interest within 90 days, but has paid back within 60 days.

CIL amount drawn BND100,000

Interest rates: 8% p.a.

Therefore, the total repayment is $BND100,000 + [BND100,00 \times 8\% / 365 \times 60\text{days (number of days loan)}] = BND101,315.07^*$

* partial settlement inclusive interest within tenor period is also acceptable.

What fees and charges are incurred under this product?

A financing charge of 0.175% of the loan amount will be imposed for each drawing.

Customers will be subject to fees and charges as per HSBC's Corporate Tariff. For more information, please visit www.hsbc.com.bn

What documents should the business bring in for a consultation?

- Profit & Loss , Balance Sheet of past 3 years (audited / certified management) - minimum 2 full years and latest financials not more than 6 months old from date of application
- Projected Profit & Loss and cash flow for the current financial year
- Past 6 months company bank statements
- Latest debtors and creditors aging report
- Organisation chart of management team and ownership structure
- Brief write-up of company profile / background
- Contract / job confirmations

* Please note that the above requested documents are the minimum requirement for credit assessment purposes. Customers may be required to provide other documentation post consultation with Relationship Manager.

For more information about making an appointment for financing consultation with our Kuala Belait or Bandar Seri Begawan team, please contact our Commercial Banking helpdesk at 2252 321 or email us on commercialbanking@hsbc.com.bn.