

PRODUCT DISCLOSURE SHEET

Dear Customer,

This Product Disclosure Sheet (PDS) provides you with key information on your Trade Services/Financing. Other customers have read this PDS and found it helpful; you should read it too.



HSBC Bank Malaysia Berhad

Date:

(1) What is Export Credit Refinancing (ECR)?

ECR is a scheme introduced by Bank Negara Malaysia to support Malaysia's exports and international trade via two types of facilities, namely (i) the Pre-shipment ECR; and (ii) the Post-shipment ECR. ECR scheme is now managed by Export-Import Bank of Malaysia Berhad (EXIM Bank) and provides an alternative short term pre- and post-shipment financing to direct/indirect exporters to promote export of manufactured products, agriculture products and primary commodities. The pre-shipment ECR facility facilitates the production of eligible goods for export prior to shipment and to encourage the backward linkages between the exporters and local suppliers in industrial development. The post-shipment ECR facility bridges the funding requirement of exporter from shipment to receipt of payment of the export bill. ECR financing rate is calculated based on the floating Ringgit EXIM Bank funding rate fixed for the duration of each ECR at the time of application plus a margin.

The ECR scheme is funded by EXIM Bank and is subject to EXIM Bank guidelines. ECR interest rates are to be determined by EXIM Bank from time to time, charged at an agreed percentage per annum above EXIM Bank's funding rate, subject to fluctuations at Exim Bank's discretion. The Bank may, at its sole and absolute discretion, refuse to allow drawings under this Export Credit Refinancing Scheme (Pre/Post Shipment) facility if the drawee is considered by the Bank to be unacceptable and/or if the transaction in question does not meet the Bank's operational requirements in respect of this Export Credit Refinancing Scheme (Pre/Post Shipment) facility. At the end of the maturity period, ECR Banks will re-pay EXIM Bank the amount funded for the ECR financing through proceeds received from customer as follows:-

| Pre-Shipment ECR | Post-Shipment ECR |
|---|--|
| 1) Direct Exporter – from export proceeds or post-shipment proceeds | 1) Upon receipt of export proceeds or |
| 2) Indirect Exporter – from proceeds from direct exporter | 2) Maturity of the post-shipment bill whichever is earlier |

Benefits – What do I get from this product?

Pre-shipment ECR provides you with working capital for production of eligible goods for export whilst Post-shipment ECR helps to finance export sales of eligible goods on credit terms upon shipment. As a qualified Exporter, you can access a cheaper source of working capital through this Government-aided scheme. This ECR loan can be fully settled before its maturity and interest paid for the remaining tenure of the loan will be refunded.

| Pre-Shipment ECR | Post-Shipment ECR |
|--|--|
| 3) Margin of financing is up to 95% on value of export order. | 3) Margin of financing is up to a maximum of 100% of export bill value. Subject to availability of ECR credit limit with the commercial bank and EXIM Bank's administrative limit. |
| 4) If financing is against certificate of performance (CP); a) Direct Exporter 100% of export value of proceeding 12 month b) Indirect Exporter 80% of local sales | 4) Tenure is up to maximum 183 days |
| 5) Tenure is up to a maximum of 120 days | |
| 6) Subject to ECR credit limit with the commercial bank and EXIM Bank's administrative limit. | |

(2) Know Your Obligations

- Interest is charged at an agreed percentage per annum above EXIM Bank's funding rate.
- ECR Domestic Purchase Order / ECR LPO charges are 0.05% flat of the bill value (min RM20; max RM500)

Illustration

- Your ECR Domestic Purchase Order (DPO) : RM350,000 ;
- Your bill tenure : 50 days
- ECR funding rate = 4% ; All in interest rate: 4.5%
- Total interest to be paid = $4.5\% \times RM350,000 \times 50 \text{ days} / 365 = RM2,157$
- Total DPO commission = $RM350,000 \times 0.05\% = RM175$

You will pay a total of RM2,332 as interest and commission for the ECR transaction.

You also have to pay other fees and charges where applicable per our published tariff @ <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges>. This includes ECR Processing Fee of

It is your responsibility to:



Read and understand the key terms in the contract before you sign it



As an Exporter/Seller requesting for ECR, your obligations are to ensure payment of the full value of ECR loans on due date (including any interest, fees and commission charged as applicable).



As an Exporter/Seller, you are obliged to pay for all relevant financing charges and fees. Financing is with recourse to you.



Contact us immediately if you are unable to pay the due amount.

(Ver.Jun2025)

PUBLIC




| | |
|---------------------------|--|
| RM5 per set of documents. | |
|---------------------------|--|

(3) Know Your Risks

| What if I fail to fulfil my obligations? | What is the major Risk? |
|--|--|
| <p>(1) Right to Set-Off In the event of a default, your business/company will need to pay all additional interest, costs, charges and expenses incurred until the loan is fully repaid, which will be debited and/or set off from any credit balance(s) in any of your business/company's account(s).</p> <p>(2) Late Payment Fees Late payment fee is at 1% over and above the prescribed interest rate as stipulated in the legal agreement with customer (e.g. Facility Offer Letter); OR 3.5% above the bank's prevailing Cost of Funds.</p> | <p>There is minimum risk in terms of changes in interest rates during the tenure of the loan as the financing rate is locked in for the duration of the loan tenure.</p> |

(4) Other Key Terms

| |
|---|
| <ul style="list-style-type: none"> You will be classified as bad and doubtful after 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled. HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product, you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice to ensure adequate understanding of your key contractual obligations under these terms and conditions. Collateral / Guarantor may be required on a case to case basis depending on your payment capabilities and other credit considerations Standard Cut-Off Times for ECR takes into account EXIM Bank's cut-off time at 11.00 a.m. As such, the Standard Cut-Off Times (Monday to Friday except for public holidays) for same day settlement is 9.00 a.m. (subject to complete information received for trade applications and funding from EXIM Bank is completed Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements. Please inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. Changes in your contact details should be formally submitted in writing and duly authorized by the company's authorized signatories. For more details, you may refer to the <i>bankinginfo</i> booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – Bank Guarantee', available at www.bankinginfo.com.my. Kindly take note that the information available in the <i>bankinginfo</i> booklet refers to types of financing products in general, and is not an exact representation of products offered by the Bank |
|---|

| Where can I get assistance and redress? | | | |
|--|---|--|--|
|  Call us at: Client Service Team Tel: 1-300-88-1099 |  Visit us at: https://www.business.hsbc.com.my |  Email us at: trade.clientservice.st@hsbc.com.my | Agensi Kaunseling dan Pengurusan Kredit (AKPK) Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm) E-mail: enquiry@akpk.org.my |

| If your query or complain is not satisfactorily resolved by us, you may contact: | | | |
|---|---|---|--|
| HSBC | BNM Telelink | Financial Markets Ombudsman Service (FMOS) | |
| Customer Experience Team Telephone: +603-2075 6235 Facsimile: +603-88942811 E-mail: complaints@hsbc.com.my | Tel: 1-300-88-5465 (1-300-88-LINK) (Overseas: 603-2174-1717) Fax: 603-2174 1515 Web form: eLINK at https://telelink.bnm.gov.my/ | By fax/email/post Chief Executive Officer 14 th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur | |
| | | In Person (walk-in) 14 th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur. | |

| Customer's Acknowledgement* | |
|---|--|
| Ensure you are filling this section yourself and are aware of what you are placing your signature for. | |
| <input type="checkbox"/> I acknowledge that HSBC Bank Malaysia Berhad has provided me with a copy of the PDS. <input type="checkbox"/> I have read and understood the key information contained in this PDS. | |
| <p><i>*A customer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms and conditions.</i></p> <p><i>The Customer hereby acknowledges and agrees that by signing this document (or by way of an email confirmation provided to HSBC) all the terms and conditions of the Product Disclosure Sheet have been explained to them</i></p> | <p>-----</p> <p>Name: _____</p> <p>Date: _____</p> |

(Ver.Jun2025)

PUBLIC