


PRODUCT DISCLOSURE SHEET

<p>PRODUCT DISCLOSURE SHEET</p> <p>(Read this Product Disclosure Sheet before your business/company decides to take up the product. Be sure to also read the bank's terms and conditions, which includes terms in the Forfaiting offer letter and the Bank's Standard Trade Terms (available at https://www.gbm.hsbc.com/gtrfstt or upon request).)</p>	<p>HSBC Bank Malaysia Berhad (HSBC)</p>  <p>EXPORT FORFAITING</p> <p><Date></p>
<p>1. What is this product about?</p> <p>Forfaiting (FOT) refers to the discounting of a negotiable debt instrument (such as a Letter of Credit (LC) or a Bill of Exchange) on a without recourse to the exporter. It refers to an exporter surrendering to the bank the rights to claim for payment on goods and services delivered to an importer, in return for a cash payment and in the process, transfers the risks of non-payment arising from commercial, financial or political events to the bank.</p> <p>Once the bank issues a Forfaiting offer letter to the exporter and accepted by the exporter, the bank is committed to forfeit the debt instrument that is submitted within the stipulated commitment period, even in the event of any deterioration of the credit risk of the Obligor (example: the Obligor is the drawee of the Bill of Exchange).</p> <p>Forfaiting may be obtained in Ringgit or Foreign Currency.</p> <p>No credit facility is required for exporters to access Forfaiting services/financing which are LC-based as it will be assessed against the bank/country/buyer risk instead of customer's risk.</p>	
<p>2. What do I get from this product?</p> <p>FOT enables you (exporter) to offer credit terms to your buyers thus potentially enhances your commercial competitiveness.</p> <p>With FOT, your business/company may :-</p> <ul style="list-style-type: none">• Mitigate non-payment risks arising from political, credit and commercial risks• Enjoy better cash flow because you have faster access to funds• Lower bank borrowings, so improving the company's financial statement• Lower debt collection administrative cost <p>Financing Amount: The discounted amount depends on the bill amount transacted at that point of time.</p> <p>FOT Cost</p> <p>A Forfaiting transaction involves three basic costs:</p> <ol style="list-style-type: none">1. Financing Charges/Interest rate – calculated based on a spread above prevailing published reference rate (e.g. Base Lending Rate, KLIBOR, Risk Free Term Rates such as SOFR, SONIA for GBP, or EURIBOR) or funding cost of the relevant currency fixed for the duration of the loan at the time of application, as stated in the relevant Forfaiting Offer Letter. The interest rate is essentially a direct reflection of the underlying risk for HSBC depending on bank/country/buyer risk.2. Commitment Fee – payable to HSBC for holding the commitment until a shipment has been completed or upon applicable drawdown, the fee may vary according to the country and credit risk. Refer to item 4 below.3. Grace days – a certain number of grace days may be added to the discounting period to offset potential delay in the transfer of payments by the importing country or the obligor, based on HSBC's experience with the country concerned. <p>Standard Cut-Off Times</p> <p>Standard Cut-Off Times (Monday to Friday except for public holidays) for settlements are subject to the respective foreign currencies cut-off time and provided that complete information is received: -</p> <ul style="list-style-type: none">• Cross Border Payments - 12.00 p.m. (exclude AUD & JPY)• Cross Border Payment - 10.00 a.m (for AUD & JPY)• Ringgit Payments (Rentas) – 11.00 a.m.	

Note: Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements. Kindly contact the Client Services Team for further details on other cut-off times not mentioned above.

3. What are my obligations?

Your business/company will need to ensure that the bills are bona fide transactions and unconditionally and irrevocably transfer your rights and benefits under the applicable Letter of Credit or Bill of Exchange to the bank.

In a bona fide transaction, you are effectively transferring your payment risks to the bank in exchange for cash upfront and hence are not under obligation to repay the forfaiting bank in the event of a non-payment/delay in payment from the issuing bank or buyer.

4. What are the fees and charges I have to pay?

- Financing charges – interest rate will depend on the underlying risk fixed as an agreed percentage above published reference rate or funding cost of the relevant currency
- Commitment Fee – where applicable, a min of USD100 (SME customers) or a min of RM500 (Non-SME customers) per forfaiting contract.
- Other charges – please refer to our schedule of tariff and charges at <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges> for full list of charges.
The fees and charges above may be updated from time to time and in case of inconsistency, the fees and charges stated in the prevailing standard tariff and charges (which is available at www.hsbc.com.my) shall prevail over the fees and charges stated in this document.

5. What if I fail to fulfill my obligations?

Right of Recourse

In the event of any misrepresentation by customer leading to a non bona-fide transaction, the Bank has full right of recourse to your business/company.

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.

Please refer to our schedule of tariff and charges at <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges> for more information.

6. What if I fully settle the loan before its maturity?

This is not applicable as the sales/export proceeds will be discounted upfront and paid to you in advance prior to maturity date of the bill.

7. Do I need any insurance / takaful coverage?

Whilst your business/company do not specifically need to take up any insurance / takaful coverage for this product, your business/company are encouraged to consider taking up appropriate coverage to protect your goods / business such as Marine Cargo Insurance, Fire Commercial or Flexi Business Shield. Please contact your Relationship Manager for further details.

8. What are the major risks?

FOT benefits your business/company in terms of mitigating your non-payment risks. However, for foreign currency transactions, you should be aware of foreign exchange risks involved and take appropriate measures to mitigate the foreign exchange risk.

9. What do I need to do if there are changes to my contact details?

It is important that the Bank is informed of any change in your business/company's contact details to ensure that all correspondences reach your business/company in a timely manner. Changes in your business/company's contact details should be formally submitted in writing and duly authorized by the company's authorized signatories. Please contact your Relationship Manager for further clarification.

10. Where can I get further information?

Should you require additional information about taking up Export Forfaiting, please refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing', available at www.bankinginfo.com.my.

Kindly take note that the products available in the *bankinginfo* booklet refers to financing products in general.

and may not be an exact representation of products offered by the Bank.

- If you have any enquiries, please contact your Relationship Manager or Trade representative or visit our website at: <https://www.business.hsbc.com.my>.

11. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact your Relationship Manager earliest possible to discuss payment alternatives.
- If you wish to speak to our Trade representative, you may contact us at:
Client Service Team
Tel: 1-300-88-1099
Email: gtrf.client.services.my@hsbc.com.my
- You may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)
Email: enquiry@akpk.org.my
- If you wish to complain, please contact the following: -

If you wish to complain on the products & services provided by us, you may contact us at:	If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:
HSBC Bank Malaysia Berhad Customer Experience Team, Level 30, Menara IQ Persiaran TRX 55188 Tun Razak Exchange, Kuala Lumpur Malaysia Telephone: +603-2075 6235 Facsimile: +603-88942811 Operating Hours: (9.00am to 4.00pm–Monday to Friday) E-mail: complaints@hsbc.com.my	Bank Negara Malaysia Jalan Dato' Onn, P.O. Box 10922 50929 Kuala Lumpur. 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/ Operating Hours: 9.00am to 5.00pm–Monday to Friday General Number: 603-26988044/2698 9044/9179 2888

OR alternatively, you may file your dispute with Financial Markets Ombudsman Service (FMOS) as follows:

<u>By fax/email/post</u> <i>Chief Executive Officer</i> <i>Financial Markets Ombudsman Services (Reg. No: 200401025885)</i> <i>14th Floor, Main Block,</i> <i>Menara Takaful Malaysia</i> <i>No. 4, Jalan Sultan Sulaiman</i> <i>50000 Kuala Lumpur.</i>	<u>In Person (walk-in)</u> <i>Financial Markets Ombudsman Services (Reg. No: 200401025885)</i> <i>14th Floor, Main Block,</i> <i>Menara Takaful Malaysia</i> <i>No. 4, Jalan Sultan Sulaiman</i> <i>50000 Kuala Lumpur.</i>
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12. Other trade loans available?

Other trade finance solutions includes (but not limited to):-

- Receivables Financing
- Supply Chain Financing
- Pre/Post-Shipment Buyer Loans (including Bankers Acceptance)
- Pre/Post-Shipment Seller Loans (including Bankers Acceptance)
- Documentary Credit Issuance / Shipping Guarantee
- Bank Guarantee / Standby Documentary Credit Issuance
- Export Bills Purchased

- Export Documentary Credit Negotiation
- Export Credit Refinancing

Please also contact your Relationship Manager or Trade Representative for details of other Non-Financed Trade Services and/or further discussion on appropriate financing solutions that caters to your company's best interest.

IMPORTANT NOTE(S):

- **Your business/company will be classified as bad and doubtful after 3 months / 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.**
- **You are advised to go through and understand the information in this Product Disclosure Sheet. HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product (for example, terms and conditions found in facility offer letter, or the Bank's Standard Trade Terms, etc) you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if you are in doubt. Should you require any support, kindly reach out to your Relationship Manager or the relevant HSBC officer. Your subsequent application for the trade service/facility is deemed as having an understanding of the relevant product (and you have sought for clarification, if required).**
- **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.**

The information provided in this disclosure sheet is valid as at <insert date>.

Name:
Designation:
Company Name:
Date: