

Important Notice

Please be advised that as part of our wind down process, this facility is no longer offered and the terms of this facility may be changed for existing customers. Please click [here](#) for more information on the wind down.

What is this product about?

The Overdraft facility is a revolving loan product which provides account holders with standby cash to use at any time and location, as it can be withdrawn through the ATM network or over the counter.

How does this product work?

- Overdrafts can be utilised by issuing cheques or other payment instructions to your appropriate account
- Customers can also track and conduct their business account activities electronically via HSBCnet
- Interest will only be charged upon utilisation of your debit balance
- The Overdraft Limit will be determined according to the calculations of your Relationship Manager(RM). Your RM will work with you to design a package, subject to credit approval, that suits the cash-flow needs of your business

What are the features of this product?

- A revolving credit line with flexible principal repayments
- Loan amounts subject to HSBC's Credit Assessment criteria
- Provides access to readily available cash
- No fixed or minimum repayment
- Interest is calculated on daily balances at a margin over our Base Lending Rate

What is the interest rate charged for this product?

With the assistance of your RM, the interest rate shall be determined by:

- a) the type of security used to secure the loan;
- b) the sector for which the loan is secured for;
- c) your credit history; and
- d) HSBC's Credit Assessment criteria.

In accordance with the Regulation of Interest Rates (s 4.1.1 Notice No.1/2013), 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, as seen in the table below:

	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 fees and charges are incurred under this product?

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

What is a monthly repayment?

Monthly repayment refers to the amount that the customer is required to make each month towards the repayment of a loan facility upon successful application. Customers have the flexibility to choose the amount they wish to repay on a monthly basis, subject to the customer's outstanding balance being within their approved Overdraft limit.

There is no monthly fixed or minimum required payment for the Overdraft facility as long as the customer's outstanding balance (inclusive of monthly interest charged) is within their approved Overdraft limit.

The below scenarios are provided for illustrative purposes only, and do not reflect the complete calculation of the repayment of the Overdraft facility.

Scenario 1 :

The customer has not exceeded their loan limit of BND 50,000

Loan Limit: BND50,000

Outstanding balance as at 30Nov13: BND46, 568.52

Interest Rate: 5.5% per annum (EIR)

*Interest charged for Nov13

= $46,568.52 \times 5.5\% \times \frac{30\text{days}}{365\text{days}}$

= BND210.52

Customer has the option to choose to not make any payment for that month since the Overdraft account is still within limit. However, interest charges shall continue to apply.

Scenario 2 :

The customer has exceeded their loan limit of BND50,000

Loan Limit: BND50,000

Outstanding balance as at 30Nov13: BND51,000

Overdraft excess amount: BND1,000 (BND51,000 – BND50,000)

Interest Rate: 5.5% per annum (EIR)

*Interest charged for unauthorised excess is 12% per annum over the agreed interest rate of 5.5%

$$= \frac{1,000 \times 17.5\% \times 30 \text{ days (according to number of days Debit interest charge)}}{365 \text{ days}}$$

$$= \text{BND } 14.38$$

Plus

Interest charge for the month of Nov13

$$= \frac{46,568.52 \times 5.5\% \times 30 \text{ days}}{365 \text{ days}}$$

$$= \text{BND } 210.52$$

Customer will have to make a minimum payment of BND 210.52 + Unauthorised interest of BND14.38 + the excess amount of BND1,000 to avoid any penalty charges to their Overdraft account.

Should the outstanding balance exceed the approved Overdraft limit, the customer will be required to pay off the excess to avoid penalty charges. Please refer to HSBC's Corporate Tariff for the penalty charges.

*Please note that the interest charged is an indicative amount as there are other assumptions such as rounding of numbers interest rate and number of days and months to consider.

For any queries relating to your existing facility, please contact your Relationship Manager or email us at commercialbanking@hsbc.com.bn.