

Summary of Product and Service Information (RIPLAY) General Version

Publisher Name	: Bank of China (Hong Kong) Limited Jakarta Branch ("Bank")
Product Name	: Factoring
Product Type	: Trade Finance
Product Description	: Factoring means an integrated financial service including buyer credit checking, collection of receivables management, credit protection, sales ledger management and prepayment against receivables rendered by a factor (export factor) to a client (seller) based on the assignment of receivables, when the seller sells goods or provides services to a buyer by way of credit such as open account & documentary against acceptance (D/A).

Key Features

Facility Limits	: According to the Customer's requirements and the Bank's approval.
Loan Term	: 1 (one) year and renewable.
Tenor	: Maximum of 120 (One hundred and twenty) calendar days or as agreed in the Facility Agreement
Types of Collateral	: In accordance with the Bank's regulations
Financing Amount	: 80% of the invoice bill.
Product Explanation	: 1. Factoring is an integrated financial service provided by the Bank to the Customer (Seller) based on the assignment of trade receivables arising from the sale of goods or provision of services to the Buyer on credit terms, such as Open Account or Documentary against Acceptance (D/A). 2. Under the factoring agreement, the Customer assigns its eligible receivables to the Bank, whereby the Bank may provide prepayment against the assigned receivables prior to the receivable's maturity with recourse or without recourse basis.

Fee

Interest Rate	: As per the price agreed on the agreement.
Commission Fee	: As per the price agreed on the agreement.
Survey Fee	: USD 250 and USD 65 per additional buyer(s) onwards

Benefits

- Provide earlier cash flow to the Customer by converting outstanding trade receivables into immediate cash before the invoice maturity date.
- Reduce the risk of uncollected receivables, as the credit risk of the Buyer is transferred to the Bank.
- Support the Customer commercial transactions by enabling the Customer to offer credit terms to its Buyer

Risks

- The customer remains responsible for the accuracy and validity of the invoices and underlying transactions.
- Any dispute or issue related to the underlying transaction may affect the collection of the receivables.
- The customer may be required to compensate the Bank for matters specified in the factoring agreement.

while obtaining earlier payment for the underlying receivables.

- Risk that the auditor may determine the receivables purchase transaction by Bank being classified as loan in the books/accounting record of the Customer.

Requirements and Ordinances

1. The Customer has an account with the Bank and completes the required documents related to the trade transaction.
2. The Customer applies for Factoring facility by submitting the Facility Application Form and other supporting documents to the Bank.
3. The Customer provides the Buyer list in respect of the receivables to be assigned to the Bank.
4. The Customer signs the Factoring Agreement.
5. The Customer assigns the receivables to the Bank by submitting the Notification of Debts other supporting documents (e.g. invoice, proof of delivery of goods/services) provided by the Customer to the Bank.
6. The Bank and the Customer notify the Buyer of the assignment of the receivables.
7. Customer requests prepayment to the Bank using Request for Prepayment under the Factoring Agreement form.
8. The Bank will check the Customer's factoring limit and other supporting documents, whether it is in accordance with the applicable terms and conditions.
9. The bank will process the disbursement and transfer funds to the Seller.
10. At the maturity of the prepayment or when receiving payment from the Buyer, Bank will settle the outstanding of the prepayment.
11. Customers can submit questions and/or complaints through the Bank's Call Center at 021 – 5209988 or via E-mail at: callcenter@bankofchina.co.id.

Simulation

The following is a simulation of the calculation of the Customer's costs for Factoring with the assumption that there is an agreement as follows:

- a) Receivables Amount USD 100.000
- Prepayment Amount 80 %
- c) Down Payment Amount: USD 80.000
- d) Factoring Interest: 5%
- e) Commission Fee: 0,125% flat
- f) Factoring tenor is 120 (one hundred and twenty) calendar days.

Product Name	Fee Type	Fee	Total
Factoring	Interest Charges	$5\% \times 120/360 \times \text{USD } 80.000$	USD 1.333
	Commission Fee	$0,125\% \times \text{USD } 100.000$	USD 125
	Survey Fee	USD 250	USD 250

Additional Information

1. The Customer is obliged to pay to the Bank all obligations and service fee including loan principal, interest, fines and other costs incurred in connection with the loan received and used.
2. If the Buyer makes a bill payment from the Bank past the due date, the Customer is obliged to pay the late interest or late fee in the amount determined and notified by the Bank.
3. The Customer is obliged to provide accurate and correct information in accordance with the information required by the Bank and the Customer is fully responsible for the provision of such information.

4. The Bank's notice and other information regarding Fee and Interest Rates can be accessed by the Customer on the Bank's website (www.bankofchina.co.id) and other communication media deemed reasonable by the Bank.

Disclaimer (important to read):

1. This Product and/or Service Information Summary ("**Summary**") is for informational purposes only, and is not intended as an official offer of a product and/or service. If there is any discrepancy between this Summary and the agreement and/or the terms and conditions relating to the products and/or services ("**Agreement**"), the Agreement shall prevail.
2. The Bank has the right to reject the Customer's application for products and/or services if it does not meet the terms and conditions applicable at the Bank.
3. The Customer is required to read this Summary carefully and may contact the Bank if there are any further questions about the products and/or services contained in this Summary.
4. This summary is not part of the *Facility Application Form*.

For further information, customers can access the Bank's website (www.bankofchina.co.id) or visit the nearest Bank sub-branch office, or can also contact *Bank Trade Sales* at 021-5205502 ext. 111 or by sending an email to product.sales@bankofchina.co.id

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