Lending Terms

Effective from 11 December 2020

Note: These Lending Terms normally take less than 20 minutes to read.

HSBC

1. What are the Lending Terms?
In these terms, you'll find the terms that apply when we provide you with certain Lending products.

Where we refer to "this agreement" or "the agreement" throughout these terms, we don't just mean the Lending Terms, but also all the terms and conditions that apply to the Lending product(s) that you have with us and any relevant mandate. This includes the following:

Relationship Terms	This contains the general terms covering our relationship with you.
Lending Terms	The terms contained in this document.
Facility Letter	Any facility letter or other agreement for Lending product(s) that you have signed.
Additional Terms	Any additional terms that may be given to you for the relevant Lending product(s).

The Facility Letter and/or the Additional Terms and Conditions will always take priority over the Lending Terms if there is ever a conflict.

2. Your confirmations to us
You will make the following representations and warranties to us on: (i) the date that you accept the terms of the agreement; (ii) the date that any pre-conditions to the provision of the facility or facilities we provide to you in accordance with the agreement (**Facilities**) are met; (iii) the date that you request a utilisation of the Facilities; (iv) the date that you utilise any of the Facilities; and (v) if applicable, at the start of each interest period.

You make these on your behalf and on behalf of any other party which provides guarantees or security to us in support of your obligations to us (an **Obligor**) and, if you are a member of a wider group, any other members of your group:

(a) if applicable, you are duly incorporated or established under the laws of your jurisdiction of incorporation or establishment and you have the power and authorisations needed to own your assets and carry on your business as it is being conducted;

(b) you are able to enter into and perform your obligations under any document required in connection with us providing the Facilities to you (**Documents**);

(c) your obligations under the Documents are legal, valid and binding;

(d) you comply with all laws and regulations which apply to you;

(e) there is no material current, pending or threatened litigation or similar proceedings affecting you or, if you are part of a wider group of entities, any member of your group or any proceedings that could, if adversely determined, affect you or, if you are part of a wider group of entities, any member of your group;

(f) If your Facility is unsecured, your obligations to us rank pari passu with your other unsecured and unsubordinated obligations to other parties (other than us) unless those other obligations are preferred by law;

(g) no person has taken any step to commence any insolvency proceedings, or threatened to take any step to commence any insolvency proceedings, in relation to you or, if you are part of a wider group of entities, any member of your group;

(h) your centre of main interests is situated in the jurisdiction of your incorporation or establishment and you have no establishment in any other jurisdiction;

(i) any written information provided to us by you or on your behalf was true, complete and accurate in all material respects when it was provided and has not become materially misleading or incorrect;

(j) neither you nor any Obligor is required to make any deduction or withholding for or on account of tax, duty or any other charge for any payment it makes to us;

(k) you have conducted your businesses in compliance with applicable anti-corruption laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws; and

(l) neither you, nor any subsidiary, director, officer, employee, agent or affiliate of yours nor any of their subsidiaries is, or is owned or controlled by, an individual or entity that is, (i) the subject of any Sanctions, or (ii) located, organised or resident in a country or territory that is, or whose government is, the subject of Sanctions.

What are Sanctions?
Sanctions means any counter-terrorism legislation or any international economic or trade sanctions adopted, administered or enforced by the United Nations Security Council (the Council as a whole or its individual members), the Office of Foreign Assets Control of the U.S. Department of the Treasury (OFAC), the U.S. Department of Commerce Bureau of Industry and Security, the US Department of State, the European Union (the Union as a whole or its member states), Hong Kong or the United Kingdom.

3. Your obligations to us
We want to build a relationship with you and continue to support your business. For us to do that we expect you to run your business in a commercially prudent manner and keep the nature of your business the same as it is at the start of our relationship. You will:

(a) prepare your financial information in accordance with generally accepted accounting standards;

(b) let us have copies of your accounts (audited if required by law) and your management accounts, each in a form acceptable to us, when we ask for them;

(c) give us any information we reasonably request including information about your financial position or trading activities or anything we need to satisfy our 'know your customer' requirements;

(d) tell us if you breach the agreement or any security or guarantee granted in our favour or if there is any material litigation or similar proceedings which affect you or, if you are part of a wider group of entities, any of your group companies;

(e) keep your business and assets insured with a reputable insurer against risks that a business carrying on the same or similar business would usually insure against and send us copies of any policies and premium receipts if we ask for them; and

(f) if your Facility is unsecured, ensure, and make sure that any Obligor will ensure, that your obligations to us (or the obligations of the relevant Obligor) rank pari passu with your or that Obligor's other unsecured and unsubordinated obligations to other parties (other than us) unless those other obligations are preferred by law.

If we ask you, you will fully co-operate with us and do what we reasonably ask you to do:

(a) in connection with: (i) any interest conferred or intended to be conferred on us by; or (ii) any of our rights, powers or remedies under, any Document;

(b) to enable us to realise any Document which we have an interest in.

You also confirm to us that:

(a) you will not use, and you will make sure that, as applicable, no other member of your group, director, shareholder or Obligor will use, directly or indirectly, any part of the Facility for any payments that could constitute a violation of any applicable anti-bribery law;

(b) you will not, and you will make sure that, as applicable, no other member of your group, director, shareholder or Obligor will, directly or indirectly, use the Facility or lend, contribute or otherwise make available the Facility to any person:

i. to fund any activities or business of or with any person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions; or

ii. in any other manner that would result in a violation of Sanctions by any person.

4. Costs and expenses
If we think we might, or if we have to, enforce or preserve our rights under the agreement or any security or guarantee granted in our favour in support of your obligations or have to investigate any breach of the agreement or any security or guarantee, you will promptly pay us our costs and expenses associated with us taking such action.

5. Increased Costs
You will pay us on demand the amount of any Increased Costs we incur because of:

(a) a change in (or the interpretation, administration or application of), or the introduction of, a law or regulation;

(b) compliance with any law or regulation made after the date of this agreement; and/or

(c) the implementation or application of, or compliance with, Basel III, CRDIV, CRDV or any other law or regulation which implements Basel III, CRDIV and/or CRDV.

By **Increased Costs** we mean additional or increased costs incurred by us or a reduction in our rate of return from the Facility or our overall capital. This will include the consequences of any tax in respect of any payment received or receivable by us under the Facility (other than tax payable on your overall net income).

What are Basel III, CRDIV and CRDV?
Basel III means:

(a) the agreements contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to Basel III.

CRDIV means, together, the Capital Requirements Regulation (Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012 and the Capital Requirements Directive (Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC) of the European Parliament and the Council, as they apply in the UK from time-to-time including as retained, amended, extended, re-enacted or otherwise given effect in the UK on or after 11pm on 31 January 2020.

CRDV means, together, Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 and Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures as they apply in the UK from time-to-time including as retained, amended, extended, re-enacted or otherwise given effect in the UK on or after 11pm on 31 January 2020.

6. Indemnity
You must indemnify us on demand against any costs or losses that we incur because of:

(a) a breach by you of the agreement;

(b) the application by you of the Facilities;

(c) us providing the Facilities to you; and/or

(d) a cancellation or prepayment of the Facilities.

7. Communication
If we send you a letter, you will be deemed to have received it at 12pm on the business day two days after we have posted the letter. In this agreement, by business day, we mean any day other than a Saturday, Sunday or public holiday in the United Kingdom or Channel Islands and Isle of Man, where we are open for business. If we email you, or use a platform or other electronic channel, you will be deemed to have received the notice or demand at the time the email was sent or, as applicable, at the time the notice or demand is notified to you on the relevant platform or electronic channel.

8. Payments
You must make all payments in cleared funds on the due date for payment or, if that day is not a business day, on the next business day in the same calendar month or, if there is not one, on the preceding business day.

You must make all payments without any deduction or withholding.

If you are required by law to make any deduction or withholding from a payment, you will promptly pay to us additional sums that will make the net sum received by us equal to the full sum payable had there been no deduction or withholding.

All amounts payable to us under this agreement shall be deemed to be exclusive of VAT. Where VAT is chargeable, you must pay us an amount equal to the amount of VAT charged.

We may debit any amount you owe us under the agreement to any account you hold with us (including any accrued interest, fees or costs) even if it causes that account to become overdrawn or for any limit on that account to be exceeded. We will tell you the amount of any fees and/or costs before debiting them from your account.

9. How we use the payments you make
We will apply any payment we receive from you or any other person in connection with the Facilities:

(a) firstly, to discharge all costs, fees and expenses (including legal fees) you owe us;

(b) secondly, in or towards the discharge of any interest or other amounts owed to us which is not the principal amount of the Facilities you owe to us; and

(c) thirdly, in or towards the discharge of any principal you owe to us.

10. Interest, Commission and Fees
We will calculate fees, interest, default interest and commission on a daily basis:

(a) from the date we make the Facilities available to you or, if applicable, the date the payment, fee or commission is payable, until the date of actual payment; and

(b) on the basis of a 365-day year or, if the market practice in the jurisdiction of the relevant currency differs, in accordance with that market practice.

You will pay us interest in arrears, at the rate specified in your Facility Letter, on the charging dates you have agreed with us (you can ask us what these rates or dates are at any time).

If any fee or cost is specified as a percentage, it will be calculated on the total amount of the relevant limit or facility (as applicable) unless otherwise stated.

11. Currency
Payments to us should be made in the currency in which they are due. If we receive any money which is in a different currency or if we need to convert any order, judgment or award given in relation to a payment due from you into a different currency, we may convert this at the HSBC Exchange Rate. You must indemnify us on demand against any costs or losses that we incur because of that conversion.

If a change in any national currency unit occurs and affects the currency of a Facility we may amend the agreement as necessary to reflect the change without your consent.

If we need to re-denominate any Facility provided to you, we may we may ask you to enter into a new agreement on substantially the same terms as your existing agreement.

What is the HSBC Exchange Rate?
This is the rate we use to convert payments to and from currencies other than the currency of your payment. It's based on the foreign currency market for each currency we offer so changes constantly. The rate will depend on the size of the payment and whether we are buying currency (because you are receiving a payment) or selling currency (because you are making a payment).

You can ask us to tell you what this is at any time.

12. Transfers
If we transfer any of our rights or obligations under this agreement you will, at our expenses or at the expense of the person we transfer our rights and/or obligations to, do anything that we reasonably request to effect the transfer.

13. Third party rates
If there is a change to any third party rate (for example the Bank of England's Base Rate or a Currency Reference Rate) the change will take effect one business day after the change is published.

14. Certificates and determinations
Any rate or amount under any Document that we certify or determine will, unless there is a manifest error, be conclusive evidence of the relevant matter.

15. Sharing information
You consent to us sharing any information about you, any of the Facilities and/or the agreement with:

(a) any person that we might transfer or have transferred our rights to under the agreement;

(b) any person that we might enter into or have entered into any sub-participation with or any other transaction under which payments are to be made or may be made by reference to any of the Documents or any person who might or does invest in or finance such a transaction;

(c) any company within the HSBC Group, being HSBC Holdings plc and its subsidiary companies from time to time;

(d) any rating agency or other person that we have to send that information to under any applicable law or regulation or in connection with any litigation or similar proceedings;

(e) any insurer who is or who proposes to provide insurance to us in respect of a Facility; and

(f) any affiliates or professional advisers of any of the above persons.

16. Right of appeal to lending conditions
You may have a right to appeal against the terms and conditions that we have offered. For details, see the **Making a business lending appeal** page on the Bank's website: **business.hsbc.uk/contact-us**.

17. Accessibility
To find out more about our accessible services please visit **business.hsbc.uk/accessibility** or ask at any of our branches.

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