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HSBC COMPLETES BANGLADESH'S FIRST INSURANCE BACKED RECEIVABLES FINANCE TRANSACTION

Dhaka: The Hongkong and Shanghai Banking Corporation Limited (HSBC) in Bangladesh has recently completed country's first insurance backed receivables finance transaction for MBM Garments Ltd., one of the leading Ready-made Garment (RMG) exporters in Bangladesh.

This proposition has been rolled out in line with HSBC's own receivables finance model and within local regulation, wherein the customer gets early payment against their deferred term exports from HSBC Bangladesh. It also comes with a bespoke insurance solution to cover and manage buyer's non-payment risk through HSBC's business partners.

Over the years HSBC has been working to introduce different structured products in the market that will benefit the exporters through not only competitive pricing but also with default risk coverage of the buyers through their own underwriting or insurance coverage. HSBC has used its extensive branch network across the globe to provide this sort of support to the customers.

Commenting on the product solution, **Wasim Rahman**, Managing Director, MBM Garments Ltd said, "We are extremely pleased to partner with HSBC on this first transaction under the proposition which will help us to get not only early financing on non-recourse basis but also on default risk coverage by an Insurance company. This has opened up another avenue in our pursuit to seeking innovative financing solutions. Being part of this landmark deal would not only benefit us financially but also help to position us as a company who values cutting-edge solutions and aspires to be the best in class in everything we do".

"Commenting on the transaction **Md. Mahbub ur Rahman**, Chief Executive Officer, HSBC Bangladesh said, "As the leading trade bank in Bangladesh, HSBC continues to offer innovative solutions to the customers dealing with cross border trade. Our global network and our ability to provide risk measured solutions will facilitate our customers to widen their international market".

Country Head of Wholesale Banking, **Kevin Green** added " Being the leading bank for global trade, HSBC is uniquely positioned to connect buyers and suppliers globally by leveraging its international network and structured product propositions. HSBC is proud to partner with MBM Garments Ltd in the first Insurance Backed Receivable Finance transaction in Bangladesh. I would like to take this opportunity to thank Bangladesh Bank for providing the necessary policy support to enable such transactions which can help Bangladeshi exporters to better manage liquidity and risk".

With ever increasing export of Bangladesh, introduction of such solutions will not only help exporter managing their working capital needs but also address the payment default risk effectively. This will be an added advantage when it comes to maneuvering the changing market dynamics and exporters will reap benefit not only for their own sake but also for the overall business.

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,969bn at 30 September 2021, HSBC is one of the world's largest banking and financial services organisations.

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