


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 Facility Offer Letter, the relevant Application Form and the Bank's Standard Trade Terms (available at https://www.gbm.hsbc.com/gtrfstt or upon request).)</p>	<p>HSBC Amanah Malaysia Berhad (HSBC Amanah)</p>  <p>EXPORT DOCUMENTARY CREDIT-i (DC-i)</p> <ul style="list-style-type: none"> - DC Advising-i (DCA-i) - DC Confirmation-i (DCC-i) - Transferable DC-i - DC Negotiation-i (DCN-i) <p><Date></p>
<p>1. What is this product about?</p> <p>A Documentary Credit-i (DC-i) is a written undertaking by an issuing bank, on behalf of the buyer (applicant) to the seller (beneficiary), that payment will be made for the goods or services supplied by the seller, provided that the seller complies with all the terms and conditions established by the DC-i. DC-i(s) issued are irrevocable which means that they constitute a definite undertaking and cannot be revoked or amended without the agreement of all parties to the DC-i.</p> <p>Export DC-i refers to DC-i services provided to sellers (who are the beneficiaries of the DC-i issued) for both domestic and international trade and comprise of the following key services: -</p> <ol style="list-style-type: none"> 1. DC Advising-i 2. DC Confirmation-i 3. Transferable DC-i 4. DC Negotiation-i <p>No financing facility is required for exporters to access Export DC-i services which are available in Ringgit and Foreign Currency.</p> <p>DC Advising-i (DCA-i)</p> <p>Issuing banks issue DC to their correspondent bank in the seller's country that in turn will process the incoming DC-i and dispatch the same under their covering letter to the exporter. Hence, DCA-i is a service provided to the DC-i beneficiaries by the bank where the bank assumes the role of a DC-i Advising bank and checks for the authenticity of all incoming DC-i(s) issued to the seller. The processed DC-i is usually mailed to the customer or collected by the customers from the Bank's counter. HSBC also advises electronically and provides a "DC-i Safe Custody" option where the DC-i will be securely stored at the bank eliminating the hassle of dealing with a paper copy.</p> <p>DC Confirmation-i (DCC-i)</p> <p>If the beneficiary of the DC-i doubts the ability of the DC-i issuing bank to pay, and/or doubts the ability of the country in which it is located, he/she may arrange to have the DC-i "confirmed" by another bank of a higher credit standing/reputation, typically located in a country other than where the issuing bank is located. In many cases the advising bank is nominated to add confirmation to the credit. Confirmed DC-i(s) provide double protection to beneficiaries.</p> <p>The confirmation of a DC-i constitutes a definite undertaking by the confirming bank to assume the obligations and liabilities of the issuing bank. The issuing bank will expressly request the confirming bank to add its confirmation to the DC-i (although the confirming bank is under no obligation to do so).</p> <p>A fee for the risk undertaking will be charged by the confirming bank based upon a multitude of factors including the value of the DC-i, the standing of the issuing bank and its location, the expiry date of the DC-i and the usance period.</p> <p>Transferable DC-i</p> <p>Transferable DC-i is an irrevocable documentary credit designated as transferable whereby the original Beneficiary ("Exporter") can request the Bank to make the Master DC to one or more secondary beneficiaries ("Exporter"). Transferable DC-i is based on the Shariah concept of Ujrah (fee).</p> <p>DC Negotiation-i (DCN-i)</p>	

After receipt of DC-i and shipment/delivery of goods/presentation of complete documents, exporters may present DC-i documents to the Bank for payment in 2 ways:

Approval and Payment

Bank merely dispatches the export DC-i documents to the issuing bank for presentation of payment. The beneficiaries of DC-i are required to present documents as required under the DC-i- to a bank (usually their bank/nominated bank as stipulated in the DC) in order to claim payment from the issuing bank.

By Negotiation

The advancing of funds (financing) to the exporter, for the value of the DC-i before sales/export proceeds are received from the Issuing Bank. At the time of presenting the documents, the beneficiary may request HSBC Amanah to advance funds to the exporter, for the value of the DC-i before sales/export proceeds are received from the issuing bank. Where the DC-i allows the financing to be available by negotiation, HSBC Amanah may, at its discretion, choose to negotiate the bill subject to key evaluation criteria such as bank and country risk, documentary risk and availability of the credit.

2. What is the Shariah concept applicable?

DC Advising-i

The applicable Shariah concept is providing services for fee (Ujah) where fee will be charged at a fixed amount per transaction/service rendered.

DC Confirmation-i

The applicable Shariah concept is providing services for fee (Ujah) where beneficiary pays a fee for the risk undertaking on the ability of the issuing bank. It based on a fixed percentage of the amount of the DC according to months.

DC Negotiation-i

Approval and Payment

The applicable Shariah concept is providing services for fee (Ujah), where commission, fees and charges are collected for the services rendered.

By Negotiation

The applicable concept is Commodity Murabahah (cost plus profit). Under this concept, the customer will appoint the Bank as their agent to buy on their behalf, the Shariah-compliant commodities from the Bank as seller at the Bank's selling price (i.e. cost price plus profit at ceiling profit rate p.a.). Following this, the Bank as the customer's agent will sell Shariah-compliant commodities which the customer has bought, at cost price to Bursa or other approved asset exchange. The customer is entitled to this cost price which represents the facility amount under Documentary Credit Negotiation-i which will be paid into the customer's account. The facility will be valid for 5 years (subject to annual credit review and rollover). The customer is obliged to pay the selling price to the Bank.

The profit is set at the agreed Contracted Profit Rate ("CPR") of 15%. However, the Bank will charge the customer based on the drawdown amounts computed at Effective Profit Rate ("EPR" - Bank's Base Financing Rate plus a margin). The difference between CPR and EPR will be granted as a rebate ('Ibra') to the customer. Thus, provided EPR stays below the CPR, customers are only expected to pay the EPR. The Bank cannot charge the customer more than the CPR under the facility.

The bank retains right of recourse to the exporter in the event of non-payment from the issuing bank. However, if the bank has added its confirmation to the DC, the advance will be on a without recourse basis.

Transferable DC-i

The applicable Shariah concept is providing services for fee (Ujah), which will be charged for the utilisation of bank services.

3. What do I get from this product?

Selling under DC-i terms allows you to enjoy the following key benefits: -

- reduce risk of non-payment from your buyers – receive greater payment assurance especially in unpredictable and unfamiliar markets
- DC-i negotiation allows you to extend credit terms to your buyers but provides you with access to funds quickly after shipment without having to drawdown on your credit facility

Standard Cut-Off Times

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: -

- 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.

4. What are my obligations?

- Your obligations are to ensure performance of the trade and that they are bona-fide transactions and to perform your obligations under the sale of goods contract.
- For DCN-i transactions, the bank holds the right of recourse to your business/company in the event of default by the issuing bank. Where profit is payable on maturity of the bill, your business/company is obliged to pay the profit amount on due date.
- Under a DC Confirmation-i, the bank's commitment will cease immediately if non-compliant documents are presented, however, subject to acceptance of the documents by the issuing bank, HSBC Amanah, may, upon request, reinstate its undertaking to pay at its sole discretion. Additional fees for presentation of discrepancies documents as specified below may apply.
- Customer to pay amounts due in accordance to the facility documentation.
- Customer may be required to provide a guarantee, Takaful, pledge, security deposit to secure payments due to the Bank.

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

Key charges include: -

Key Charges	Description
Export DC Advising-i	<ul style="list-style-type: none"> • Advising Commission of RM10 per DC Advise (Advising/Pre-Advising/Subsequent Advising) • DC Advising-i Handling Fee of RM20 (customer with DC-i Safe Custody); RM70 – (customer without DC-i Safe Custody) (<i>RM40-SME</i>); RM90 for non-customers (<i>RM80-SME</i>) (Note: RM40 rebate if bills are submitted to HSBC for negotiation.) • DC Advising-i Handling Fee(amendment) – RM30 (customer); RM60 (non-customer) (<i>RM50-SME</i>) • Pre-Advising Handling Fee – RM10 (customer); RM20 (non-customer)
Export DC Confirmation-i	Confirmation Commission of 0.1% per month or part of month or as determined by the bank (min RM250 for account of beneficiary)
Export DC Transfer-i	Transferable DC-i commission – 0.1% per month on the amount of the transferred credit (min. RM500)
Export DC-i Bills (Purchased / Non-Purchased)	<ul style="list-style-type: none"> • DC-i Bills Checking Fee - min RM50(<i>RM40flat-SME</i>) or RM100(<i>RM50flat-SME</i>) (for Arab and Indian continents) • Presentation with discrepancies (including bills sent for Approval & Payment basis) – RM30 per set of documents • DC-i bills commission (Ringgit & foreign currency bills) – 0.1% flat <ul style="list-style-type: none"> ○ Min RM50 for customer and RM100 for non-customer (<i>Min RM50-SME non customer</i>) ○ Max RM500 for ringgit bills and RM250 for foreign currency bills(<i>Max RM150-SME foreign currency bills</i>)
Other charges	<p>Please refer to our schedule of tariff and charges at https://www.hsbcamanah.com.my/content/dam/hsbc/hbms/documents/tariffs-and-charges.pdf for full list of charges</p> <p>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 https://www.hsbcamanah.com.my/content/dam/hsbc/hbms/documents/tariffs-and-charges.pdf) shall prevail over the fees and charges stated in this document.</p>

6. What if I fail to fulfill my obligations?

Right of Recourse

HSBC Amanah holds the right of recourse to your business/company.

Compensation charges:

Compensation (Ta'widh) at 1% per annum or at the prevailing daily overnight of Islamic Interbank Money Market (IIMM) rate whichever is lower or other rates that Bank Negara Malaysia may specify against the claimed amount in the event the claimed amount has been paid by the Bank. The computation of compensation on late payment is based on following formula:

$$\frac{\text{Principal Outstanding} \times \text{Rate not exceeding IIMM rate} \times \text{Number of Days Overdue}}{365}$$

The rate will be applied to the principal amount outstanding where the bank will debit your account with the compensation for late payment.

Example: If the overdue amount in arrears is RM100,000; the IIMM rate is 2%; and the number of days overdue is 20 days; the computation of compensation charge is as follows:

$$\text{RM100,000} \times 2\% \times \frac{20}{365} = \text{RM109.59}$$

7. What if I fully settle the financing before its maturity?**DCN-i**

The Bank shall, subject to your compliance of all terms and conditions, grant an Ibra' (rebate) to you in respect of any early settlement of the Bank's sale price equal to deferred profit for the period after early settlement date to payment due date.

Formula:

Illustration of Facility Profit & Early Settlement Computation

Example of Actual Total Profit

Financing Amount	:	RM100,000.00
Contracted Profit Rate (CPR)	:	15%
Effective Profit Rate (EPR)	:	KLIBOR +1.5% = 6%
Tenure	:	90 days
Tenure Begins On	:	01 January 2023
Tenure Ends On	:	31 March 2023

Note: Customer will always pay at EPR. The difference between CPR and EPR is a discretionary rebate from the Bank to the client. In case of Early Settlement, the Bank may grant additional rebate.

Example of Profit Computation

Actual Total Profit is calculated as follows:

$$\begin{aligned} \text{Actual Total Profit} &= \frac{\text{Financing Amount} \times \text{Effective Profit Rate} \times \text{Actual No. of days}}{365} \\ &= \frac{\text{RM100,000.00} \times 6\% \times 90 \text{ days}}{365} = \text{RM1,479.45.00} \end{aligned}$$

Example of Early Settlement

Customer wishes to early settle on the 31 January 2023, where:

$$\text{Accrued Actual Total Profit} = \frac{\text{RM100,000.00} \times 6\% \times 31}{365} = \text{RM509.59}$$

$$\text{Unaccrued Actual Total Profit} = \frac{\text{RM100,000.00} \times 6\% \times 59 \text{ days}}{365} = \text{RM969.86}$$

<p>Early Settlement Charges: RM0</p> <p>Ibra' (Rebate) = Unaccrued Actual Total Profit – Early Settlement Charges (if any) = RM969.86 – RM0 = RM969.86</p> <p>Settlement Amount = Outstanding Principal + Accrued Actual Total Profit = RM100,000 + RM509.59 = RM100,509.59</p> <p>Note: The values illustrated above may change according to a number of variables such as promptness of payments by customer, different amount of disbursement and prepayments.</p>	
<p>8. Do I need any insurance / takaful coverage?</p> <p>Whilst you do not specifically need to take up any insurance / takaful coverage for this product, you 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.</p> <p>*Takaful coverage is preferred</p>	
<p>9. What are the major risks?</p> <p>Major risks that your business/company face under DC-i terms are the potential bank and country risks such as civil unrest which may result in a non-payment event from the issuing bank or a potential delay in payment.</p>	
<p>10. What do I need to do if there are changes to my contact details?</p> <p>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 authorised by the company's authorised signatories. Please contact your Relationship Manager for further clarification.</p>	
<p>11. Where can I get further information?</p> <ul style="list-style-type: none"> Should you require additional information about taking up Export Documentary Credit-i, please refer to the <i>bankinginfo</i> booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing', available at www.bankinginfo.com.my. <p>Kindly take note that the products available in the <i>bankinginfo</i> booklet refers to financing products in general, and may not be an exact representation of products offered by the Bank.</p> <ul style="list-style-type: none"> If you have any enquiries, please contact your Relationship Manager or Trade representative or visit our website at: https://www.business.hsbcamanah.com.my. 	
<p>12. Where can I get assistance and redress?</p> <ul style="list-style-type: none"> 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: grtf.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: - 	
<p>If you wish to complain on the products & services provided by us, you may contact us at:</p>	<p>If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:</p>

<p>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</p>	<p>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</p>
OR alternatively, you may file your dispute with Financial Markets Ombudsman Service (FMOS) as follows:	
<p><u>By fax/email/post</u></p> <p><i>Chief Executive Officer Financial Markets Ombudsman Services (Reg. No: 200401025885) 14th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</i></p>	<p><u>In Person (walk-in)</u></p> <p><i>Financial Markets Ombudsman Services (Reg. No: 200401025885) 14th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</i></p>
<p>13. Other trade loans available?</p> <p>Other trade finance solutions include (but not limited to): -</p> <ul style="list-style-type: none"> • Receivables Financing-i • Supply Chain Financing-i • Pre/Post-Shipment Buyer Financing-I (including Accepted Bills-i) • Pre/Post-Shipment Seller Financing-i(including Accepted Bills-i) • Documentary Credit-i / Shipping Guarantee-i • Bank Guarantee-i / Standby Documentary Credit-i • Bills Purchased-i <p>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.</p>	
<p>IMPORTANT NOTE(S):</p> <ul style="list-style-type: none"> • Your business/company will be classified as bad and doubtful after 3 months / 90 days' default in any facility payments and this trade facility may be withdrawn/cancelled. • You are advised to go through and understand the information in this Product Disclosure Sheet. HSBC Amanah 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: