

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to take up the Letter of Credit facility with Hong Leong Bank Bhd. Be sure to also read the general terms and conditions.

The information provided is merely general information of the product. The terms and conditions indicated in this Product Disclosure Sheet are tentative or indicative and may change at the discretion of the Bank.

Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement (if any) after credit assessment and loan approval.

Seek clarification from your institution if you do not understand any part of this document or the general terms.

**Hong Leong Bank Bhd
Transaction Banking,
Business and Corporate
Banking**

Product: Letter of Credit (LC)

Date: / /

1. What is this product about?

A Letter of Credit (LC) is also known as a Documentary Credit and it constitutes an irrevocable and definite undertaking of the Issuing Bank to honor a complying presentation. It can be issued at Sight (immediate payment) or Usance (payable on a future date) basis, depending on instructions given by the buyer (Applicant).

An LC is basically a documentary instrument provided by banks in order to facilitate trade settlement. The LC Issuing Bank issues a written undertaking at the request and in accordance with the instructions of the buyer (Applicant). The Issuing Bank or Confirming Bank (if any) assures payment to the seller (Beneficiary) as long as they present documents which comply with the terms and conditions of the LC issued. Payment is assured based on documents alone and not on goods or services to which it may refer.

Documents presented under documentary credits are subject to Uniform Customs and Practices for Documentary Credits (UCP) and Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credit (URR), International Chamber of Commerce Publication currently in force.

2. What do I get from this product?

a) Letter of Credit facility

Item	Description
Facility Amount	RM <Total Facility Amount>

b) Payment will only be made under LC when conforming documents are presented.

c) Better opportunity to negotiate with the supplier for better credit terms and pricing.

d) May obtain import financing.

e) Bank may assist to clear exchange control matters and related trade issues when the LC is issued.

3. What are my obligations?

a) You undertake to pay on presentation of documents or to pay at maturity date of the draft(s) and/or upon documents being honoured or negotiated in compliance with the terms and conditions of the Letter of Credit.

b) In consideration of the Bank opening an LC, you undertake to pay the Bank all monies paid by the Bank pursuant to the LC together with interest/profit/commission at such rate(s) as may be fixed by the Bank from time to time and all customary charges and Bank's Agent's charges, if any. In addition, you authorize the Bank to debit your account in the Bank with all monies so paid or for which the Bank is liable under the LC.

c) You certify that the import of the relevant goods is not prohibited or restricted and that you hold and undertake to exhibit to the Bank a valid license where such license is required.

- d) You undertake to pay on presentation of documents or to pay at maturity date of the draft(s) and/or upon documents being honoured or negotiated in compliance with the terms and conditions of the Letter of Credit.
- e) In consideration of the Bank opening an LC, you undertake to pay the Bank all monies paid by the Bank pursuant to the LC together with interest/profit/commission at such rate(s) as may be fixed by the Bank from time to time and all customary charges and Bank's Agent's charges, if any. In addition, you authorize the Bank to debit your account in the Bank with all monies so paid or for which the Bank is liable under the LC.
- f) You certify that the import of the relevant goods is not prohibited or restricted and that you hold and undertake to exhibit to the Bank a valid license where such license is required.
- g) What are the cut-off times to observe for LC issuance and settlement?

TRADE PRODUCT	CUT-OFF TIME
LC Application <i>(issuance/amendment/cancellation)</i>	2pm
LC Payment (RENTAS)	12pm
LC Payment (Non-RENTAS) <i>* (Foreign currency payment is subject to cut-off time for each currency. Refer to Trade Services Centre for cut-off time for each currency)</i>	2pm *

4. What other charges do I have to pay?

LC Issuance Commission

- 0.10% per month or part thereof, subject to a minimum of RM50.00

LC Amendment Commission

- If related to extension or increase in amount, 0.10% per month or part thereof, with a minimum of RM50.00
- If not related to extension or increase in amount, a flat fee of RM50.00 is charged

LC Cancellation Service Charge

- RM50.00 flat

Cost of SWIFT

- LC Issuance - RM35.00 (Local) / RM80.00 (Foreign)
- LC Amendment - RM21.00 (Local) / RM40.00 (Foreign)
- LC Cancellation - RM30.00 (Local & Foreign)
- LC Payment - RM30.00 (Local & Foreign)

Cost of RENTAS

- SME Customer - RM 5.00
- Non-SME Customer - RM 14.00 (1st party); RM 15.00 (Bank to Bank)

Cost of Inter-Bank Giro (IBG)

- RM 2.00 per IBG

Cost of Postage

- RM 5.00 flat per issuance

Note: All fees, commissions, charges and other monies payable shall be exclusive of and subject to any Government Tax, where applicable.

5. What if I fail to fulfil my obligations?

- a) If you fail to provide settlement instruction on compliant documents presented under the LC within stipulated time, the Bank is required to make payment (advance payment) to Negotiating Bank/Confirming Bank.
- b) Interest rate on advance payment under Letter of Credit is Base Lending Rate (“BLR”) plus credit spread [_% per annum (p.a.)] or such other rate / minimum amount as may be decided by the Bank to be charged from the date of financing until settlement (maximum 14 days).
- c) If there is no settlement on 14th day from the date of advance payment by the Bank, the advance shall be classified as past due bill and shall be charged BLR + penalty rate until repayment date. **The present penalty rate is 3.5%p.a.**
- d) When an LC is converted to past due, the LC facility and other trade facility(ies) will be suspended immediately.
- e) Right to commence recovery or legal action:
- (i) **Legal action will be taken if you fail to respond to reminder notices. Your asset may be foreclosed and you will have to bear all costs. You are also responsible to settle any shortfall after your asset is sold.**
- (ii) The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings.
- Note: Legal action against you may affect your credit rating leading to credit being more difficult or expensive.

6. What do I need to do if there are changes to my contact details?

It is important that you inform us immediately of any change in your contact details to ensure that all correspondences reach you in a timely manner.

7. Where can I get assistance and redress?

- If you have difficulties in making repayments, you should contact us earliest possible to discuss repayment alternatives. You may contact us at:

Contact Center : 03-7626 8899 /03-7661 7777
Facsimile : 03-7946 8888
E-mail : HLOnline@hlbb.hongleong.com.my

- Alternatively, you may seek the services of:

Khidmat Nasihat Pembiayaan (KNP), a service formalize by Bank Negara Malaysia in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling & Pengurusan Kredit (AKPK) via MyKNP@CGC that provides financial advisory and recommendations to Small and Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks.

You may contact KNP at:

- a) MyKNP@CGC Advisory Unit Under CGC

Address : CGC Advisory at any CGC branches nationwide. Please refer to CGC website for the branch location
<https://www.cgc.com.my/cgc-branches>
Telephone : 03-7880 0088
E-mail : myknp@cgc.com.my
Website : www.myknp.com.my

- b) Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia as a one-stop platform for both individuals and SMEs seeking debts restructuring services, as well as financial education and credit advisory. You may contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)

Address : Tingkat 8 Maju Junction Mall 1001, Jalan Sultan Ismail 50250 Kuala Lumpur

Telephone : 03- 2616 7766

E-mail : enquiry@akpk.org.my

- To make a complaint on products or services offered, you may contact us at:

Customer Advocacy

Level 13A Floor, Menara Hong Leong,

No 6, Jalan Damanlela, Bukit Damansara,

50490 Kuala Lumpur.

Phone: 03-76268801/03-76268802/03-76268812

E-mail: customerservice@hlbb.hongleong.com.my

- If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia at:

Bank Negara Malaysia LINK or BNMTELELINK

Address : Block D, Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur

Telephone : 1-300-88-5465

Fax : 03-2174 1515

E-mail : bnmtelelink@bnm.gov.my

Website : www.ofs.org.my

8. Where can I get further information

Should you require additional information, please refer to the banking info booklet on www.bankinginfo.com.my website.

Alternatively, please contact us at:

**Trade Sales & Product
Hong Leong Bank Berhad
Level 10, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : (03) 7661 7777
Or visit www.hlb.com.my**

The information provided in this disclosure sheet is valid as at [/ /]