

PRODUCT DISCLOSURE SHEET

Dear Customer,

This Product Disclosure Sheet (PDS) provides you with key information on your Trade Services/Financing. Other customers have read this PDS and found it helpful; you should read it too.



HSBC Bank Malaysia Berhad

Date:

(1) What is Avalisation?

An Avalisation is an endorsement on an accepted bill by a bank, unconditionally guaranteeing to honour payment at maturity. "Bill" is defined as a Bill of Exchange, Promissory Note or Draft. By providing an Avalisation to a Bill, HSBC guarantees the payment obligations of the Drawee / Payor. In practice, Avalisation is usually applied in "Documentary Collection" bills and where we would promise to pay the bill on maturity date.

- Where you are an importer/buyer requiring this service, you will need to have a Trade Facility in place (similar to a Documentary Credit), and we have recourse to you as the drawee. The request to avalise the collection bill will be stated in the Collection Schedule of which when received, HSBC (as the Collecting Bank) will seek your concurrence to avalise the bill. The bill for avalisation must be drawn or issued by you as the buyer and may be payable immediately or on a future date.
- If you are an exporter/seller who received an avalised bill from your buyer's bank, we can help you to discount the bill without the need for a Trade Facility. Financing charges will be as agreed with us at the point of transaction subject to bank and country risk.

Benefits – What do I get from this product?

- Avalisation meets the need of Corporate Customers who are Importers/Buyers that require HSBC to guarantee their payment obligation under a bill.
- If you are an Exporter/Seller, you may request for your Documentary Collection bills to be avalised by your buyer's bank in order to obtain their payment obligation under the bill. Once avalisation is confirmed by the buyer's bank, the bill is a guaranteed payment from your buyer's bank (the Collecting Bank) and you may be able to benefit from better cash flow (sight payment for your credit invoices) as HSBC provides discounting of Avalised Bills (subject to bank and country risk).

(2) Know Your Obligations

Avalisation commission is charged to you as Importer/Buyer @ 0.1% per month or part thereof of the amount avalised and for the period of existence of the avalised bill (min RM500).

Illustration

- Your bill amount : RM350,000
- Your bill tenure: 50 days
- Avalisation commission: $0.1\% \times \text{RM}350,000 \times 2 \text{ months} = \text{RM}700$

You will pay a total of RM700 as commission for the Avalisation.

You also have to pay other fees and charges where applicable per our published tariff @ <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges>. This includes: -

Cable Cost	RM30 per SWIFT Cable
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It is your responsibility to:



Read and understand the key terms in the contract before you sign it



As an Importer/Buyer requesting for Avalisation, your obligations are to ensure payment obligations are fulfilled and that they are bona-fide transactions. You will need to pay the full avalised value on due date (including commission charged as applicable). Alternatively, you can request for the avalised bill to be financed by the Bank and be converted into a Trade Loan (subject to availability of your Trade Facility limits).



As an Exporter/Seller, you are obliged to pay for all relevant financing charges and fees. Financing (i.e. discounting of avalised bills) is with recourse to you.



Contact us immediately if you are unable to pay the due amount.

(3) Know Your Risks

What if I fail to fulfil my obligations?

(1) Right to Set-Off

In the event of a default, your business/company will need to pay all additional interest, costs, charges and expenses incurred until the loan is fully repaid, which will be debited and/or set off from any credit balance(s) in any of your business/company's account(s).

(2) Late Payment Fees

Late payment fee is at 1% over and above the prescribed interest rate as stipulated in the legal agreement with customer (e.g. Facility Offer Letter); OR 3.5% above the bank's prevailing Cost of Funds.

What is the major Risk?

As an Importer/Buyer requesting for Avalisation, you are obligated to pay the bill on maturity date once the supplier presents documents and where you have accepted, even if the goods are damaged or do not meet your expectations.

You can take additional steps to enhance protection by:

- Verifying the supplier's reputation, financial standing and ability to produce the goods required; and obtaining samples of goods.
- Ensuring your avalised bill calls for a certificate of inspection issued by an independent inspection agency, showing a report of 'clean findings' certifying that goods meet the standard as clearly defined by criteria set out.


(4) Other Key Terms

- You will be classified as bad and doubtful after 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.
- HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product, you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice to ensure adequate understanding of your key contractual obligations under these terms and conditions.
- Collateral / Guarantor may be required on a case-to-case basis depending on your payment capabilities and other credit considerations
- 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)	10.00 a.m. (for AUD & JPY)
Ringgit Payments (Rentas)	11.00 a.m.	

- Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements.
- Please inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. Changes in your contact details should be formally submitted in writing and duly authorized by the company's authorized signatories.
- For more details, you may refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – Bank Guarantee', available at www.bankinginfo.com.my. Kindly take note that the information available in the *bankinginfo* booklet refers to types of financing products in general, and is not an exact representation of products offered by the Bank

Where can I get assistance and redress?

 Call us at: Client Service Team Tel: 1-300-88-1099	 Visit us at: https://www.business.hsbc.com.my	 Email us at: trade.clientservice.st@hsbc.com.my	Agensi Kaunseling dan Pengurusan Kredit (AKPK) Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm) E-mail: enquiry@akpk.org.my
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If your query or complain is not satisfactorily resolved by us, you may contact:

HSBC	BNM Telink	Financial Markets Ombudsman Service (FMOS)
Customer Experience Team Telephone: +603-2075 6235 Facsimile: +603-88942811 E-mail: complaints@hsbc.com.my	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/	By fax/email/post Chief Executive Officer 14 th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur
		In Person (walk-in) 14 th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.

Customer's Acknowledgement*

Ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐

I acknowledge that HSBC Bank Malaysia Berhad has provided me with a copy of the PDS.

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I have read and understood the key information contained in this PDS.

**A customer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms and conditions.*

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

Name:

Date:

(Ver.Apr2025)

PUBLIC