


PRODUCT DISCLOSURE SHEET

<p>PRODUCT DISCLOSURE SHEET</p> <p>(Read this Product Disclosure Sheet before your business/ company decide to take up the Avalisation product. Be sure to also read the terms and conditions in the Facility Offer Letter, the relevant Application Form and the Bank’s Standard Trade Terms which is available at https://www.gbm.hsbc.com/gtrfstt or upon request.)</p>	<p>HSBC Bank Malaysia Berhad (HSBC)</p>  <p>AVALISATION</p> <p><Date></p>
<p>1. What is this product about?</p>	
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
<p>2. What do I get from this product?</p>	
<ul style="list-style-type: none"> • 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). <p><u>Standard Cut-Off Times</u> 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: -</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	
<p>3. What are my obligations?</p>	
<ul style="list-style-type: none"> • 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, your business/company 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. 	

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4. What are the fees and charges I have to pay?**Key charges include:**

Key Charges	Description
Avalisation Commission	0.1% per month or part thereof of the Amount avalised and for the period of existence of the avalised bill (min. RM500).
Other charges	Please refer to our schedule of tariff and charges at https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges for full list of charges. 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 www.hsbc.com.my) shall prevail over the fees and charges stated in this document.

5. What if I fail to fulfill my obligations?**Right To Set-Off**

In the event of a default, you will need to pay all additional interest, costs, charges and expenses incurred until the avalised bill 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).

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.

Please refer to our schedule of tariff and charges at <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges> for more information.

6. What if I fully settle the loan before its maturity?

As our exporter/seller client, your request for us to discount an Avalised Bill will run to maturity and any early settlement of foreign currency discounting may be subject to break funding costs as advised by us accordingly.

7. Do I need any insurance / takaful coverage?

This will depend on your business needs, whether the goods are to be insured by you or your counterparty but Insurance will be at your own arrangement between you and your counterparty's agreement.

8. What are the major risks?

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.

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

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 authorized by the company's authorized signatories. Please contact your Relationship Manager for further clarification.

10. Where can I get further information?

- Should you require additional information about taking up Avalisation, please refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing', 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.

- If you have any enquiries, please contact your Relationship Manager or Trade representative or visit our website at: <https://www.business.hsbc.com.my>.

11. Where can I get assistance and redress?

- 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: gtrf.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: -

If you wish to complain on the products & services provided by us, you may contact us at:	If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:
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	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

OR alternatively, you may file your dispute with Financial Markets Ombudsman Service (FMOS) as follows:

<u>By fax/email/post</u> <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>	<u>In Person (walk-in)</u> <i>Financial Markets Ombudsman Services (Reg. No: 200401025885) 14th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</i>
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12. Other trade financing/services available

Other trade finance solutions include (but not limited to): -

- Receivables Financing
- Supply Chain Financing
- Pre/Post-Shipment Buyer Loans (including Bankers Acceptance)
- Pre/Post-Shipment Seller Loans (including Bankers Acceptance)
- Shipping Guarantee
- Bank Guarantee / Standby Documentary Credit Issuance
- Export Bills Purchased
- Export Documentary Credit Negotiation
- Export Credit Refinancing

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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.

IMPORTANT NOTE(S):

- **Your business/company will be classified as bad and doubtful after 3 months / 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.**
- **You are advised to go through and understand the information in this Product Disclosure Sheet. HSBC 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: