

<b>PRODUCT DISCLOSURE SHEET (<a href="#">Versi Bahasa Malaysia</a>)</b>  This Product Disclosure Sheet contains general information about the product, which is subject to change at the Bank's discretion.	<b>Business and Corporate Banking-i</b>  <b>Product: Letter of Credit-i (LC-i)</b>  <b>Date: / /</b>
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**1. What is a Letter of Credit (LC-i)?**

Letter of Credit-i (LC-i) is an Islamic trade finance facility, which complies with Shariah principles. LC-i is an irrevocable written undertaking by a Bank (Issuing Bank), given to a seller (as the Beneficiary) at the request and on the instructions of the buyer ("the Applicant), to pay at sight or at a determinable future date up to a stated sum of money that must be paid within a prescribed time limit and against stipulated documents which are in compliance with the terms and conditions of the documentary credit. The primary rules-governing LC-i are the latest version of **Uniform Customs and Practice for Documentary Credits (UCP)** and **Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits (URR)**. Shariah contract applicable to LC-i is Wakalah bil Ujrah, whereby a party, as Principal (muwakkil) authorises another party as his Agent (wakil) to perform a particular task on matters that may be delegated, with imposition of a fee.

**Benefits – What do you get from this product?**

By issuing the LC-i, the Bank agrees, on your behalf, to make payment to your supplier subject to the presentation of compliant documentation within the validity of the LC-i. With the LC-i in place, your company may:

- Provide payment security for your suppliers.
- Make payment under the LC-i only when the documents are presented in compliance to the terms and conditions of the LC-i.
- Have a better opportunity to negotiate with suppliers for longer credit terms using usance LC-is.
- Enjoy a safer and less expensive alternative to pay deposits or advance payments as required by your supplier.

**2. Know Your Obligations**

**Pricing**

- Issuance Commission: 0.10% per month or part thereof, minimum RM50.00; no maximum

Illustration for Computation of Commission

- LC-i amount: USD100,000.00
- LC-i tenure: 75 days. Since this is "per month or part thereof," 75 days is rounded up to 3 months.
- LC -i issuance commission:  $USD100,000.00 \times 0.10\% \times 3 \text{ months} = USD300$  or RM1,288.50 (based on the Exchange rate of 1 USD: 4.2950 MYR)

The LC-i issuance commission is USD300 or RM1,288.50.

You also have to pay other fees and charges, where applicable, per our full list of fees and charges published at: <https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/trade-service-i.html>



It is your responsibility to:



**Read and understand the pricing and the terms and conditions** in the letter of offer and/or facility agreement and/or application form before taking up and/or utilizing the facility.



**Pay on time** when documents presented comply with the LC-i terms and conditions or on the Bill of Exchange's maturity date. Alternatively, you can request for the LC-i payment to be financed by the Bank provided there is a prior approved Trade Financing facility.



**Authorize the bank to debit your account** for the payment of commission, fees and charges, Bank or Agent charges and all monies paid or for which the Bank is liable under the LC-i.



**Certify that the goods/services and affiliated parties / counterparties** pertaining to the trade transaction are not sanctioned/prohibited/restricted and in line with your company's nature of business.



**Inform us of any change in your contact details** to ensure that all correspondences reach you in a timely manner.

### 3. Know Your Risks

What will happen if you ignore your obligations?

1. Compensation Charges
  - a) If you default your payment after the expiry of Facility Tenure, you are to pay compensation charges = BNM Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);
  - b) If you default your payment, causing the Facility to be terminated and brought to court, the compensation charges will be = Up to 1% p.a on the outstanding balance (outstanding Principal plus accrued profit).
  - c) For default payment after court judgement, the compensation charges = IIMM rate on the basic judgment sum.  
(Note: Compensation charges is computed on daily basis & shall not be added to the outstanding Principal & shall not be more than the outstanding Principal. The computation method and rates are subject to changes as may be prescribed by BNM.)
2. Early settlement is not applicable.
3. The Bank may set off/deduct any outstanding balance from any credit balance you maintain in your deposit account with the Bank, subject to issuance of seven (7) days' prior written notice to you.
4. 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 for settling any shortfall after your asset is sold.
  - ii The Bank has the right to commence recovery activities (including engaging third-party debt collection agencies), foreclosure, and bankruptcy proceedings.
  - iii Legal action against you may affect your credit rating, leading to credit being more difficult or expensive.

#### What is the major Risk?

Under LC-i, you are obligated to pay if the supplier presents compliant documents, even if the goods are damaged or fail to fulfill your expectations.

You can take additional steps to enhance protection by:

- Ensuring your LC-i 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 the criteria set out.
- Verifying the supplier's reputation, financing standing, and ability to produce the goods required; and obtaining samples of goods.

### 4. Other Key Terms

#### Where can you get assistance and redress?

 <b>Call us at:</b> 03-7626 8899 / 03-7661 7777	 <b>Visit us at:</b> <a href="http://www.hlisb.com.my/bcbi">www.hlisb.com.my/bcbi</a>	 <b>Email us at:</b> <a href="mailto:HLOnline@hlbb.hongleong.com.my">HLOnline@hlbb.hongleong.com.my</a>	<b>Agensi Kaunseling dan Pengurusan Kredit (AKPK)</b> Tel: 1-800-88-2575 <a href="https://www.akpk.org.my/smehelpdesk">https://www.akpk.org.my/smehelpdesk</a>
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#### If you have a query or a complaint that is not satisfactorily resolved by us, you may contact:

HLISB	BNMLINK
Customer Advocacy Tel: 03-7626 8821 / 03-76268802 / 03-76268812 Email: <a href="mailto:customerservice@hlbb.hongleong.com.my">customerservice@hlbb.hongleong.com.my</a>	Tel: 1-300-88-5465 Overseas: 603-2174 1717 Website: <a href="http://bnm.gov.my/BNMLINK">bnm.gov.my/BNMLINK</a>

The information provided in this disclosure sheet is valid as of 31 December 2025.