

## **FAQ – UPAS LC & UPAU LC**

### **1. What is Usance Payable at Sight Letter of Credit (UPAS LC)?**

UPAS LC refers to a type of *Letter of Credit* (“LC”) where Financing Bank makes advance payment on behalf of the Issuing Bank (Bank of China (Hong Kong) Limited Jakarta Branch) at the request of Bank’s customer (Importer) under usance LC and levy charges of certain amount of interest, so the Exporter will get their payments at sight while the Importer may have tenor and make payment on maturity date.

### **2. What is Usance Payable at Usance Letter of Credit (UPAU LC)?**

UPAU LC refers to a type of LC where Financing Bank makes advance payment on behalf of the Issuing Bank (Bank of China (Hong Kong) Limited Jakarta Branch) at the request of Bank’s customer (Importer) under usance LC and levy charges of certain amount of interest, so the Exporter will get their payments at usance tenor but earlier than its original maturity date while the Importer can make payment on original maturity date.

### **3. How does UPAS LC & UPAU LC work?**

- After receiving the original application form & underlying trade documents from you, Bank of China (Hong Kong) Limited Jakarta Branch (“Bank”) will review the request and check the supporting documents.
- Once all the required documents already comply with terms & conditions, Bank will process the UPAS LC / UPAU LC Issuance.
- Once receiving acceptance from you, Financing Bank will make payment at sight basis (for UPAS LC) or at earlier tenor (for UPAU LC) on behalf of the Customer.
- On the UPAS LC / UPAU LC maturity date, Bank will debit your account with us for the settlement.

### **4. What are the benefits of UPAS LC & UPAU LC products for Customer?**

- **Improves Cash Flow**  
You can use bank financing to import and subsequent sell that imported goods, and the proceeds from the sale of goods are used to repay bank financing / loans, which can reduce the occupying of your own funds to complete the trade and earn profits.
- **Improves Bargaining Power**  
At the stage of signing the sales contract, you can change the payment terms from usance basis to sight basis /shorter tenor to accommodate exporter’s need, or shorten the payment terms to improve its bargaining power over the exporter.

### **5. What are the required documents that we need to submit for UPAS LC & UPAU LC request?**

- D-2 before UPAS LC / UPAU LC transaction, you must submit the preliminary request for UPAS LC / UPAU LC to Trade Sales which requires summary information, as below:
  - a. Applicant Name & Applicant Country
  - b. Beneficiary Name & Beneficiary Country



- c. Port of Loading (Place of Dispatch) & Port of Discharge (Place of Destination) or Place of Delivery (for Services)
- d. Transaction/Financing Amount & Currency
- e. Transaction Tenor
- f. Description of Goods and/or Services
- g. Advising Bank Name
- On the day of UPAS LC / UPAU LC transaction, you must already submit the original signed Application Form of Irrevocable Documentary Credit along with supporting trade documents.

#### 6. What cost should I pay for each UPAS LC / UPAU LC transaction?

Below is list of charges that applied for each UPAS LC / UPAU LC transaction:

Charges Types		Remarks
Import LC/SKBDN	Issuance Fee	Based on Bank latest Trade Finance List of Charges published on <a href="https://www.bankofchina.co.id/dam/en-id/service/information/tariffs/trade-services/Trade-Finance-List-of-Charges.pdf">https://www.bankofchina.co.id/dam/en-id/service/information/tariffs/trade-services/Trade-Finance-List-of-Charges.pdf</a> or following latest agreement
	Amendment Fee (if any)	
	Acceptance Fee	
	Discrepancy Fee (if any)	
	UPAS LC / UPAU LC Interest	Based on agreed pricing in the facility agreement
	Administrative Fee / Handling Charges	Handling fee per transaction, borne by LC Beneficiary (deducted from proceed)

#### 7. How long is the UPAS LC & UPAU LC tenor?

UPAS LC & UPAU LC maximum tenor will be granted based on the calculation of your business cycle. Generally, tenor for UPAS LC & UPAU LC is up to maximum 180 (one hundred and eighty) days. However, you can propose longer tenor as per your business requirement and it will be subject to further approval.

#### 8. Once I submit a UPAS LC / UPAU LC Application Form, when can I expect the UPAS LC / UPAU LC is issued?

Once Application Form is submitted and required documents are complied, UPAS LC / UPAU LC can be issued in same day (if submitted before Cut-off Time). If the application form is submitted after Cut-off time, the transaction will be processed on the next working day.

#### 9. I'm interested with UPAS LC & UPAU LC products. How do I get started?

A credit facility agreement for UPAS LC / UPAU LC facility must be set up before you start using UPAS LC / UPAU LC products. You may contact your Relationship Manager (RM) for UPAS LC / UPAU LC facility set up or you also may reach us via phone at (+62)21 5205502 Ext 111 or via email at [product.sales@bankofchina.co.id](mailto:product.sales@bankofchina.co.id) for further inquiries.