**State Bank of India Seoul Branch**

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Foreign Exchange Product description

This guidance is the reference document for to help bank customer's understanding of Foreign Exchange transaction, and to inform the importance of the Foreign Exchange Agreement. The actual contract apply the Credit Transactions General Terms and Conditions (business) and foreign exchange agreements. If you apply the contract, the Credit Transactions General Terms and Conditions (business) and foreign exchange agreements will be issued and if you make an agreement, document related to a contract will be issued.

1. Product Overview and Features

￭ Product Name: Bills Bought, Acceptances and Guarantees in Foreign Currency

· Bills Bought: Bank negotiate Letter of Credit and Bills of Exchange, transport documents based on contact and pay the amount to the customer

· Letters of Credit: Negotiation of Bills of Exchange based on Letter of Credit or transport documents.

· Non-L/C Method (D/P, D/A, CAD, COD etc.): Negotiation of Bill of Exchange or transport documents under contract.

· Open Account: Purchase of export receivables of exporters.

· Foreign Currency Guarantee of Payment

· Issuance of Import Letters of Credit: Bank issue a conditional payment guarantee for the payment of the import.

· Issuance of Stand-by Letters of Credit (Other Guarantee of Payment etc.): Bank issue a conditional payment guarantee for the beneficiary in case of the default.

2. Fees of Foreign Exchange

￭ Exchange Commission: Interest on funds in accordance with the funding cost of the bank in Foreign Exchange and this commission shall be calculated by the terms.

• Interest on Sight Export Bills Negotiation

[Negotiation Amount x Exchange rate x Exchange Commission as of negotiation date (1 month LIBOR + Spread) x 8days/360]

• Interest on Usance Export Bills Negotiation

 [Negotiated Amount x Exchange rate x Exchange Commission as of negotiated date by the period (LIBOR per month + Spread) x Days/360]

￭ Guarantee Commission: Issuance of Import L.C, Acceptance, other Commission of Foreign Currency Guarantee Issuance

• Date of Issue: Opening Commission

[Opening Amount x Exchange rate x Issuance Commission Rate (by the credit rating) x Months/3]

• Acceptance: Acceptance Commission

[Acceptance Amount x Exchange rate x Acceptance Rate (by the credit rating) x Months/3]

• Other Guarantee of Payment: Other Guarantee of Payment commission

[Guarantee Amount x Exchange rate x Guarantee Rate (by the credit rating) x Days/360]

• Negotiation Interest of KRW

[Negotiation Amount x Rate (Base rate +Spread) x Days/365]

• Negotiation Interest of USD

[Negotiation Amount x Exchange rate x Interest Rate of Sight Export Bills on the Negotiation Date (1 month LIBOR + Spread) x Days/360]

￭ Foreign Exchange transactions, including related Exchange Commission can be found on the Bank website. It can be applied different rate depending on the customer’s credit rating, collateral and tenor.

3. Fees and other Expenses

￭ Handling Charges

• Negotiation Charges of Export Bill of Exchange: (KRW25,000 per case)

• Negotiation Charges of Domestic Bill of Exchange: (KRW25,000per case)

￭ Additional Fee

• Postage charge: Different fee shall be applied according to the destination of mail

• Telegraphic charges: Differential fee shall be applied according to the number of the text message in telegraphic transfer

￭ Other expenses: commissions can be occurred depending on the working process of overseas bank and the type of customer transactions.

4. Payment method of Fees & Interest

￭ Receive fees by the time of transaction.

5. Reimbursement of Foreign Exchange

￭ Bullet payment case by case basis (In case of beneficiary request, immediately reimburse.)

￭ Other repayment method, please refer to the Foreign Exchange Transactions Agreement.

6. Notice

￭ Restriction on Foreign Exchange

• Following reasons will be the constraints of financial transaction.

* Overdue loan holder (Including advance of guarantee)
* Loss to the Bank
* Delinquent obligor
* Any other reason by the bank

￭ Customer should pay overdue interest for the following reasons,

- In case of non-payment of negotiation amount within the period according the reimbursement method or principle repayment due to the absence of acceptance.

- In case the Bank pay the amount and reimburse the principle due to the delays of the payment on the agreement

- In case customer does not pay Exchange Commission and fees

￭ Foreign exchange related cost (Exchange commission, guarantee fee, Negotiation Interest), commission can be changeable.

For more information, please contact State Bank of India, Seoul Branch (02-737-6313). The customer can complain to us after sign up the products, in case of dispute, can ask for help to the Financial Supervisory Service (no area code 1332).