

Dear Customer,

This Product Disclosure Sheet (PDS) provides you with key information on your trade facility. Other customers have read this PDS and found it helpful, you should read it too.

1 WHAT IS LETTER OF CREDIT-i (LC-i)

LC-i facility is a written undertaking by Bank Islam at your request as a Buyer to pay the Seller a certain sum of money as stipulated in the LC-i provided that the Seller (as the Beneficiary) complies with the terms and conditions of the LC-i. It is governed under the Uniform Customs and Practice for Documentary Credit, ICC Publication No. 600 (UCP 600).

The LC-i facility may be granted for Shariah compliant and tradable goods and services and can be offered together with other trade financing facilities such as Trade Working Capital Financing-i (TWCF) Purchase, Accepted Bills-i (AB-i) Purchase and Trade Tawarruq-i (TTQ-i). Please refer to the respective PDS in Bank Islam's website for further details.

The applicable Shariah concept is Wakalah Bil Ujrah (Agency with Fee), a contract where you appoint Bank Islam to act as an agent to carry out specific/ certain task under a facility with a payment for service.

2 KNOW YOUR OBLIGATIONS

For this facility, as an illustration:

- LC-i amount = RM100,000 (up to 100% of sales contract/ proforma invoice value)
- Tenure = 3 months (depending on the agreement between the Buyer and the Seller)
- Bank's effective commission rate = 0.1% of LC-i amount per month. (Subject to minimum RM50)
- LC-i commission = RM300

It is your responsibility to:



Read and understand the **key terms** in the **contract** before you sign.



Pay the commission and/or deposit the LC-i amount in your Current Account with us as stated in the documents before issuance of LC-i (if applicable).



Contact us immediately if you have difficulties in making settlement of the facility.

You have to pay the following fees and charges:

- I. Stamp duty: As per Stamp Duty Act 1949 [Revised 1989] (if applicable).
- II. Issuance Fee.
- III. SWIFT Charges.
- IV. Postage and Courier (if any).

Note: please refer to our website at www.bankislam.com for further details on fees and charges.

3 KNOW YOUR RISKS

What happens if you ignore your obligations:

- I. You **pay more in total** due to late payment charges (compensation charges/ Ta`widh).
- II. We may **deduct** money from any account you have with us to set off your overdue payment under this facility.
- III. We may **take legal action** against you and exercise all remedies available under security arrangement.
- IV. Your credit score may be affected leading to credit being more difficult or expensive to you.
- V. Cross default of other facilities with Bank Islam may be triggered.

4 OTHER KEY TERMS

- To inform us of any change in your contact details.
- Your **payment to Beneficiary or acceptance of LC-i** is only upon presentation of complying documents and no verification on quality and quantity of goods. We deal with documents only.
- Takaful coverage is optional, however you or your supplier is advised to subscribe to any appropriate Takaful protection.
- If you do not meet the minimum credit requirement, we may require guarantor(s) or collateral in order for you to proceed with the submission.
- Agensi Kaunseling Dan Pengurusan Kredit has been established by Bank Negara Malaysia to provide free services on money management, credit counselling, financial education and debt restructuring for individual, sole proprietor and small and medium enterprise.

PRODUCT DISCLOSURE SHEET

If you have any questions or require assistance on our product, you can:



Call us at
+603-26 900 900



Visit us at
<https://www.bankislam.com>



Email us at
contactcentre@bankislam.com.my

Customer's Acknowledgment

(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.)

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

- ☐ I acknowledge that Bank Islam has provided me with a copy of the PDS.
- ☐ I have read and understood the key information contained in this PDS.

Name:
Date: