

## Product Disclosure Sheet – Letter of Credit-i

### PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you decide to accept the Letter of Credit-i Facility. Be sure to read the terms and conditions in the letter of offer. Seek clarification from Bank Islam if you do not understand any part of this document or the general terms.

Bank Islam Malaysia Berhad

Letter of Credit-i (LC-i)

<Date>

#### 1. What is Letter of Credit-i facility?

- ✓ Letter of Credit-i facility is a written undertaking by the Bank at your request as a Buyer to pay the Seller a certain sum of money as stipulated in the Letter of Credit-i provided that the Seller/ Beneficiary complies with the terms and conditions of the LC-i.
- ✓ LC-i can be offered under Wakalah with Ujrah as well as under Murabahah.

#### 2. What is the Shariah concept applicable?

- ✓ If you opt for LC-i (*Wakalah*) [*Agency*], the Shariah concept used is *Wakalah (Agency)* with *Ujrah (Fee)*, a contract where you appoint the Bank to act as an agent to buy the goods on your behalf from the Supplier and to undertake to pay the purchase price subject to agreed terms and conditions. The Bank will charge you a fee for the issuance of LC-i.
- ✓ If you opt for LC-i (*Murabahah*) [*Cost Plus Sales*], the Bank will purchase the goods before it is sold to you at a marked up price for a deferred payment.

#### 3. What do I get from this product?

- |                                    |   |
|------------------------------------|---|
| ✓ Total facility amount            | Up to 100% of sales contract / pro forma invoice value      |
| ✓ Tenure                           | Depending on the agreement between the Buyer and the Seller |
| ✓ Bank's effective commission rate | 0.1% of LC-i amount per month                               |

#### 4. What are my obligations?

- ✓ Before issuance of LC-i, you are obliged to deposit the LC-i amount stated in the documents if you opt for Letter of Credit-i (Wakalah).
- ✓ If issued under Letter of Credit-i (Murabahah), you are obliged to pay the selling price upon maturity.

#### 5. What are the fees and charges that I have to pay?

- ✓ Stamp Duty [as per Stamp Duty Act 1949 (Revised 1989)] (if applicable)
- ✓ Issuance Fee
- ✓ SWIFT Charges
- ✓ Postage and Courier (if any)
- ✓ Cancellation of the facility - you are to pay the Bank all costs (if any)

**Note:** Please refer to our website at [www.bankislam.com.my](http://www.bankislam.com.my) for further details on fees and charges.

#### 6. What if I fail to fulfill my obligations?

✓ Should you fail to fulfill your obligation in a timely manner, the following shall apply:

• **Event of Default**

- a) In the event of default of payment, the Bank may by written notice to you, demand for immediate payment of amount overdue from you and/ or the guarantor.
- b) The Bank has the right to set-off any credit balance in your deposit and/ or investment account which is maintained with the Bank against any overdue payment under this facility.
- c) Legal action will be taken if you fail to respond to the reminder notices. Any security pledged to the Bank (such as property, machinery, etc.) may be foreclosed/ repossessed and you are to bear all costs incurred in the disposal of the asset. You are also responsible to settle any shortfall after the asset is sold.
- d) Legal action against you may affect your credit rating leading to any future credit assessment being more difficult or expensive to you.
- e) Trigger of cross default of other facilities with the Bank or any other financial institutions.

• **Late Payment**

The Bank shall impose *Ta'widh* (compensation) against you as follows (where applicable):

- a) Before maturity of the facility.  
A sum equivalent to one per centum (1%) per annum on overdue installment(s) until date of full payment.
- b) After maturity of the facility.  
A sum equivalent to the prevailing daily overnight Islamic Interbank Money Market Rate on outstanding balance i.e. outstanding Sale Price less *Ibra'* (if any).
- c) Post judgment debt.  
A sum equivalent to the prevailing daily overnight Islamic Interbank Money Market Rate on basic judgment sum calculated from judgment date until date of full payment.

**Note:** The imposition of *Ta'widh* shall be in such manner as approved by Bank Negara Malaysia from time to time.

**7. Do I need to take up Takaful coverage?**

✓ Yes, you are required to obtain Takaful coverage from our panel Takaful providers or other Takaful/ insurance companies acceptable by the Bank (where applicable).

**8. What are the major risks?**

✓ There is no major risk since the facility is short term in nature and the rate is fixed for the whole tenure.

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

✓ It is important for you to immediately inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner.

**10. Where can I get assistance and redress?**

✓ If you have difficulties in servicing the payments, you should contact us earliest possible to discuss the payment options. You may contact us at:

**Trade Operations**  
**Bank Islam Malaysia Berhad**

13<sup>th</sup> Floor, Menara Bank Islam  
No 22, Jalan Perak,  
50450 Kuala Lumpur  
Tel: 03-2782 1078/ 1089/ 1087/ 1086  
Fax: 03-2782 1346/ 1347/ 1348

- ✓ If you wish to complaint on the products or services provided by us, you may contact us at:

**Bank Islam Contact Center**  
17<sup>th</sup> Floor, Menara Bank Islam,  
No. 22, Jalan Perak,  
50450 Kuala Lumpur.  
Tel: 03-26 900 900  
Email: [contactcenter@bankislam.com.my](mailto:contactcenter@bankislam.com.my)

- ✓ If the query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:

**Block D, Bank Negara Malaysia,**  
Jalan Dato' Onn,  
50480 Kuala Lumpur  
Tel: 1-300-88-5465  
Fax: 03-2174 1515  
Email: [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)

#### **11. Where can I get further information?**

- ✓ Should you require additional information about this product, please refer to our branches or contact:

**Bank Islam Contact Center**  
17<sup>th</sup> Floor, Menara Bank Islam,  
No. 22, Jalan Perak,  
50450 Kuala Lumpur.  
Tel: 03-26 900 900  
Email: [contactcenter@bankislam.com.my](mailto:contactcenter@bankislam.com.my)  
[www.bankislam.com.my](http://www.bankislam.com.my)

#### **12. Other trade facility packages available?**

- ✓ Bank Guarantee-i
- ✓ Shipping Guarantee-i
- ✓ Standby Letter of Credit-i
- ✓ Trade Working Capital Financing-i (Purchase)
- ✓ Trade Working Capital Financing-i (Sales)

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT KEEP UP PAYMENTS OF YOUR FACILITY.**

The information provided in this product disclosure sheet is valid as at June 2018.