



## Product Disclosure Sheet – Bank Guarantee-i

### PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you decide to accept the Bank Guarantee-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

**Bank Guarantee-i (BG-i)**

<date>

### 1. What is Bank Guarantee-i facility?

- ✓ Bank Guarantee-i facility is an irrevocable written obligation issued by the Bank to assure payment in case of demand by beneficiary. The Bank in essence, acts as a guarantor.
- ✓ Generally, there are two types of Bank Guarantee-i:
  - Non Financial Guarantee is an issuance of a commitment letter on behalf of the Bank's customer to a third party (beneficiary) pledging to cover financial loss caused by the act of default of the Bank's customer (as applicant). The Bond or guarantee is generally issued to cover performance obligations, as opposed to financial obligations.
  - Financial Guarantee is an issuance of a promise letter on behalf of the Bank's customer that payment will be made to a third party (beneficiary) in the event the Bank's customer does not make good his obligation to pay. The Guarantee is generally issued to give assurance of financial, rather than performance obligation.

### 2. What is the Syariah contract/ concept applicable?

- ✓ The Syariah contract used is Kafalah (Guarantee) with Ujrah (Fee), a contract where the Bank (guarantor) guarantees any claim, debt or obligation that should be fulfilled by a debtor, supplier or contractor and will charge a fee for the issuance of Bank Guarantee-i.
- ✓ The product structure for BG-i is as follows:

No	Description
1	Customer requests Bank to issue a BG-i.
2	Bank act as a guarantor/surety issues BG-i to beneficiary as requested by customer.
3	Beneficiary to claim the bank guarantee amount from Bank for breach of contract by customer.
4	Bank pays Beneficiary for the guarantee amount claimed.
5	Customer pays the claim guarantee amount to the Bank.

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

✓ Total amount guaranteed	Up to 100% of the contract value
✓ Tenure	Up to 12 months or any other period acceptable to the Bank from issuance date or contract date.
✓ Bank's effective commission rate	• Non Financial Guarantee = 0.6% - 2.0% p.a. with min of

RM50.00

- Financial Guarantee = 0.75% - 2.25% p.a. with min of RM50.00

#### 4. What are my obligations?

- ✓ Upon Bank receiving claim from the Beneficiary on the Bank Guarantee, you need to provide fund to the Bank to pay the claim amount immediately.

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

- ✓ Stamp Duty [as per Stamp Duty Act 1949 (Revised 1989)]
- ✓ Fees and Commission
- ✓ Postage and Courier (if any)

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

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

- ✓ Should you fail to fulfill your obligation in timely manner, the following shall apply:
  - **Event of Default**
    - a) 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 your deposit or any other account(s) maintained with the Bank towards settlement of overdue payment under this facilities granted by the Bank;
    - c) The Bank has the right to take legal action against you if you fail to response to the reminder and/or demand notices. The Bank shall exercise its right on any security pledged with the Bank and you are to bear all the cost involved. You are also responsible to settle any shortfall. Legal action against you may affect your credit rating leading to any future credit assessment being more difficult or expensive to you; and
    - d) Cross default of other facilities with the Bank may be triggered.
  - **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:**

- Ta'widh is applicable on BG-i once it is converted to Past Due Obligation - Bank Guarantee-i (PDO BG-i).

- 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?

- ✓ It is optional, however you or your supplier is advised to subscribe to any appropriate Takaful protection.

## 8. Do I need a guarantor or collateral?

- ✓ If you do not meet the minimum credit requirement, Bank Islam may require guarantor(s) or collateral in order for you to proceed with the submission.

## 9. What are the major risks?

- ✓ Upon receiving claim from the beneficiary when you fail to perform your obligation to them, the Bank will proceed to honor the claim and making payment by debiting your account and/ or liquidate your collateral.

## 10. What do I need to do if there are changes to my contact detail?

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

## 11. Where can I get assistance and redress?

- ✓ If you have difficulties in making settlement of the facility, you should contact the Bank earliest possible to discuss the payment options. You may contact the Bank 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

Or

### **Group Institutional Banking**

#### **Bank Islam Malaysia Berhad**

Tingkat 27, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: (to be filled by our RM's)

Tel: (to be filled by our RM's)

Fax: 03-2726 7818

Email: (to be filled by our RM's)

Or

### **SME Banking**

**Bank Islam Malaysia Berhad**

Tingkat 16, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: **(to be filled by our RM's)**

Email: [sme-assist@bankislam.com.my](mailto:sme-assist@bankislam.com.my)

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

**Contact Centre & Customer Care**

Bank Islam Malaysia Berhad

17th Floor, Menara Bank Islam,

No. 22, Jalan Perak,

50450 Kuala Lumpur.

Tel: 03-26 900 900

Fax: 03-2782 1337

Email: [customercare@bankislam.com.my](mailto:customercare@bankislam.com.my)

- ✓ For SME, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services and money management, credit counseling, financial education and debt restructuring. You can contact AKPK at:

Level 5 and 6,

Menara Bumiputra Commerce

Jalan Raja Laut

50350 Kuala Lumpur

Tel: 603 -2616 7766

Fax: 603 -2616 7601

Website: [akpk.org.my](http://akpk.org.my)

- ✓ If the query or complaint is not satisfactorily resolved by the Bank, 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)

## 12. Where can I get further information?

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

**Contact Centre & Customer Care**

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](http://www.bankislam.com)

### 13. What are the other trade facility packages available?

1. Trade Tawarruq-i
2. Trade Working Capital Financing-i (Purchase)
3. Trade Working Capital Financing-i (Sales)
4. Letter of Credit-i
5. Letter of Credit Transfer-i
6. Shipping Guarantee-i
7. Accepted Bills-i (Purchase)
8. Accepted Bills-i (Sales)
9. Bills of Exchange Purchase-i
10. Documentary Collection-i
11. Export Credit Refinancing-i
12. Standby Letter of Credit-i

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

#### Note:

1. The above is for illustration purposes only. Profit and/or charges may vary and subject to Bank Islam terms and conditions.
2. The information provided in this Product Disclosure Sheet is valid as at 18/10/2023.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: