

Dear Customer,

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

1 WHAT IS BILL OF EXCHANGED PURCHASED-i (BEP-i)

BEP-i is a generic term used to denote Bill of Exchange Purchased/ discounted by Bank Islam under an export/ domestic collection or an export/ domestic Letter of Credit (LC) negotiation. It is a credit facility made available to an exporter/ seller/ beneficiary of an export or local LC as a means to provide the working capital needed for its on-going business.

The financing rate based on daily rest will be quoted by Bank Islam on the intended day of utilization of the facility based on tenure requested by the customer. The facility profit comprises Accepted Bill-i (AB-i) Cost of Fund (COF) and spread will be fixed for the duration of financing tenure as requested by the customer. Proceeds from the collection shall be applied to liquidate the bills purchased outstanding financing.

BEP-i LCs are subject to and governed by the terms and provisions of the Uniforms Customs and Practice for Documentary Credits (UCP 600).

The categories of BEP-i are as follows:

Foreign BEP-i

I. Foreign BEP-i LC

This facility is offered to the beneficiary (exporter) of a sight (purchased) or usance (discounted) LC, through the provision of advances to finance its international trade and working capital requirements. The beneficiary shall provide drafts/ documents that are drawn in compliance with the terms and conditions of the related LC to secure an immediate cash advance from Bank Islam through a negotiation, purchase or discount of the drafts/ documents.

The BEP-i and the supporting LC documents will be negotiated and purchased/ discounted by Bank Islam and the proceeds received from the drawee/ importer/ Issuing Bank will be used to liquidate the outstanding Foreign BEP-i LC financing.

II. Foreign BEP-i without LC

This facility is offered to any exporter/ seller to finance its international trade and working capital requirements through the purchase/ discount of its sight or usance export bills. Upon purchase or discount of the bill of exchange drawn by the exporter on the overseas buyer, the drafts/ documents will be handled by Bank Islam under documentary collection basis. Proceeds of the documentary collection will be applied to liquidate the bill purchase outstanding financing.

Domestic BEP-i

I. Domestic BEP-i LC

The facility application is similar to the above Foreign BEP-i LC except for offering is to finance a domestic trade. To qualify for Domestic BEP-i LC financing, the seller must present an inland bill supported by a Local LC. The BEP-i and the supporting LC documents will be negotiated and purchased/ discounted by Bank Islam and the proceeds received from the drawee/ importer/ Issuing Bank will be used to liquidate the outstanding Domestic BEP-i LC financing.

II. Domestic BEP-i without LC

The facility application is similar to the above Foreign BEP-i without LC except for offering is to finance a domestic trade. To qualify for Domestic BEP-i without LC financing, the seller must present an inland bill. The BEP-i and the supporting documents will be processed by Bank Islam under documentary collection basis and its proceeds will be utilized to liquidate the bill purchase outstanding financing.

The applicable Shariah contract is Bai` Dayn (Debt Trading), a contract whereby it refers to purchase of debt. It is a financing facility whereby Bank Islam purchases the Customer's right to the debt, which is normally securitized in the form of bill of exchange.

2 KNOW YOUR OBLIGATIONS

For this financing, as an illustration:

➤ Your Financing/ Export Bill Amount	=	RM100,000.00
➤ Your Facility Tenure	=	60 days
➤ Bank's Profit Rate	=	6.97% p.a. (BFR/ ± Spread)*
➤ Bank's Sale Price	=	RM101,145.75
➤ Bank's Profit Margin	=	RM1,145.75

*The BFR is assumed at 5.47% p.a. while spread is at 1.5% (spread is subject to Bank Islam's approval). Please refer to Bank Islam's website for the latest BFR at <https://www.bankislam.com/deposit-financing-rates/>.

It is your responsibility to:



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



Pay the financing amount, profit and charges in full upon each BEP-i maturity.



Contact us immediately if you are unable to pay your full settlement.

PRODUCT DISCLOSURE SHEET

You have to pay the following fees and charges:

- I. Stamp duty:
 - a) Facility: 0.5% of facility limit.
 - b) Contract Note BB 48: RM10 per transaction.
- III. Fees and Commission.
- IV. SWIFT / Rentas Charges.
- V. Postage and Courier (if any).
- VI. Legal Fee: Legal fee and disbursement including solicitor's fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable).
- VII. Processing fee (only applicable for non-SME).
- VIII. Cancellation of the facility: you are to pay Bank all costs (if any) for the preparation and registration of security documents that has been incurred by Bank Islam in connection with the facility including all expenses incurred during the claim process.
- IX. Late payment charges: Shall be paid by way of Ta`widh (compensation charge) referring to 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).

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 financing outstanding balance.
- 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.
- Takaful coverage is optional, however you or your buyer/ importer 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.

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: