



## 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. The LC-i facility may be granted for halal and tradable goods and services under trade financing.

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

- ✓ If you opt for LC-i (Wakalah) [Agency], the Syariah 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), the LC (Murabahah) provided to customer is backed by other Trade Products such as Trade Working Capital Financing-i (Purchase), Accepted Bills-i (Purchase) and Trade Tawarruq-I (TTQ-i) to acquire goods based on cost plus profit arrangement.  
Note: Please refer to the respective PDS in the bank's website for further details.
- ✓ Other supporting Syariah contracts applicable is:  
Wa'd - A unilateral promise which refers to an expression of commitment given by one party to another to perform certain action(s) in the future.

### 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. Subject to minimum RM50. Note: Please refer/ visit our website at <a href="http://www.bankislam.com">www.bankislam.com</a> for more details.

### 4. What are my obligations?

- ✓ Before issuance of LC-i, you are obliged to pay for the fee and/ or deposit the LC-i amount in your Current Account with the bank which stated in the documents (if applicable).

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

## 7. What if I fully settle the financing before its maturity?

- ✓ Not applicable.

## 8. Do I need to take up Takaful coverage?

- ✓ It is depending on the terms agreed by the customer and supplier. You or your supplier is advised to subscribe to any appropriate Takaful protection.

## 9. 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.

## 10. What are the major risks?

- ✓ Payment to Beneficiary or acceptance of LC-i is only upon presentation of complying documents and no verification on quality and quantity of goods. Bank deals with documents only.

## 11. 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.

## 12. 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

- ✓ 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: [contactcenter@bankislam.com.my](mailto:contactcenter@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

### 13. 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)

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

### 14. 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 Transfer-i
5. Shipping Guarantee-i
6. Bank 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 29/12/2021.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: