



ALLIANCE ISLAMIC BANK

# Accepted Bills-i Product Disclosure Sheet

<b>PRODUCT DISCLOSURE SHEET</b>  Please read this Product Disclosure Sheet (PDS) before you decide to apply for Accepted Bills-i. If your application has been approved, kindly ensure that you have read the terms in the letter of offer before accepting the Bank's offer for the facility. Please consult your relationship manager if you require clarification on the terms.	 <b>ALLIANCE ISLAMIC BANK</b> Alliance Islamic Bank Berhad 200701018870 (776882-V)  <b>Product name: Accepted Bills-i</b>																		
<b>1. What is this product about?</b>																			
<ul style="list-style-type: none"> <li>Accepted Bills-i (AB-i) is negotiable bill of exchange drawn by a bank in Malaysia to finance Shariah compliant imports and domestic trade purchases or exports and domestic trade sales.</li> <li>Types of goods to be purchased that may be financed by AB-i include raw materials, semi-finished goods and finished goods.</li> <li>AB-i financing is only available in Malaysian Ringgit (RM).</li> </ul>																			
<b>2. What is the Shariah contract applicable?</b>																			
<p><u>AB-i (Purchase)</u></p> <ul style="list-style-type: none"> <li>AB-i (Purchase) is based on Shariah principles of Murabahah to the Purchase Orderer (MPO).</li> <li>Murabahah refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser.</li> <li>MPO refers to an arrangement whereby the purchase orderer (purchaser i.e. Customer) promises (Wa'd) to purchase an identified and specified asset from a seller (i.e. the Bank) on Murabahah terms upon the latter's acquisition of the asset. The mechanics involved in AB-i (Purchase) financing for every utilisation of AB-i (Purchase) facility:</li> </ul> <table border="1" data-bbox="237 987 1495 1160"> <tr> <td>1.</td> <td>Bank (i.e. Seller) appoints Customer (i.e. Purchase Orderer) under Shariah principle of Wakalah as the undisclosed purchasing agent of the Shariah compliant goods on behalf of Bank.</td> </tr> <tr> <td>2.</td> <td>Customer gives promise (Wa'd) to purchase Shariah Compliant goods from Seller.</td> </tr> <tr> <td>3.</td> <td>Customer on behalf of Bank, purchases the Shariah compliant goods from Supplier.</td> </tr> <tr> <td>4.</td> <td>By virtue of the promise to purchase by Customer, Bank sells the Shariah Compliant goods to Customer at mark-up price (same value as selling price) on deferred payment basis. Customer now owns the goods.</td> </tr> </table> <p><u>AB-i (Sale)</u></p> <ul style="list-style-type: none"> <li>The Shariah contract used is Bai' Dayn (Debt Trading), a contract of the selling of your trade debts/ receivable arising from trade-related transactions. You will sell your trade debts/ receivable to the Bank for a discounted amount.</li> <li>Bai' dayn refers to the sale of a debt arising from a trade transaction in the form of a deferred payment sale.</li> <li>Other supporting Shariah contract applicable is Ujrah - A fee or service charge.</li> <li>The eligible assets is as per the Bank's eligible assets under the product and/or those listed under respective financing program.</li> <li>The product structure for AB-i (Sale) as follows:</li> </ul> <table border="1" data-bbox="237 1444 1495 1590"> <tr> <td>1.</td> <td>Customer supplies goods to buyer on credit</td> </tr> <tr> <td>2.</td> <td>Customer sells the debt to the Bank</td> </tr> <tr> <td>3.</td> <td>Bank credits the discounted debt amount to customer on maturity</td> </tr> <tr> <td>4.</td> <td>Buyer settles amount due to the Bank's customer on maturity</td> </tr> <tr> <td>5.</td> <td>Customer settles amount due to the Bank on maturity</td> </tr> </table>		1.	Bank (i.e. Seller) appoints Customer (i.e. Purchase Orderer) under Shariah principle of Wakalah as the undisclosed purchasing agent of the Shariah compliant goods on behalf of Bank.	2.	Customer gives promise (Wa'd) to purchase Shariah Compliant goods from Seller.	3.	Customer on behalf of Bank, purchases the Shariah compliant goods from Supplier.	4.	By virtue of the promise to purchase by Customer, Bank sells the Shariah Compliant goods to Customer at mark-up price (same value as selling price) on deferred payment basis. Customer now owns the goods.	1.	Customer supplies goods to buyer on credit	2.	Customer sells the debt to the Bank	3.	Bank credits the discounted debt amount to customer on maturity	4.	Buyer settles amount due to the Bank's customer on maturity	5.	Customer settles amount due to the Bank on maturity
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<b>3. What do I get from this product?</b>																			
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<p>a) For AB-i (Purchase), Sale Price which is inclusive of profit charges is fixed at point of each disbursement calculated based on prevailing Profit Rate illustrated as follow:</p> <p>Illustration only</p> <table border="1" data-bbox="312 1928 1074 2020"> <tr> <td>Facility Amount / Limit</td> <td>:</td> <td>RM1,000,000</td> </tr> <tr> <td>Utilised Amount</td> <td>:</td> <td>RM100,000</td> </tr> <tr> <td>Tenure</td> <td>:</td> <td>90 days</td> </tr> </table>		Facility Amount / Limit	:	RM1,000,000	Utilised Amount	:	RM100,000	Tenure	:	90 days									
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Profit Rate	:	3.5%
Selling Price	:	RM100,863.01
Profit Amount	:	RM863.01
Acceptance Commission*	:	As per Letter of Offer i.e. 1.5% p.a.

\*Acceptance Commission is not part of Selling Price

The formula to calculate the profit is: Utilised Amount x Profit Rate x Tenure (in days) / Number of days in a year

b) For AB-i (Sale), formula to calculate Discounted Price (DP) and profit margin as per below:

Illustration only

Facility Amount / Limit	:	RM1,000,000
Financing Value	:	RM100,000
Tenure	:	60 days
Profit Rate	:	8.5%
Payment for the Purchase (Discounted Price)	:	100,000 $[1 - \frac{(8.5 \times 60)}{36500}]$ = RM98,602.74
Profit Margin	:	RM100,000 - RM98,602.74 = RM1,397.26

DP = Payment for the Purchase (Discounted Price)

FV = Invoice Value

r = Financing rate

t = Tenor of financing

Profit Margin = Financing Value – Discounted Price

#### 4. What are my obligations?

- Utilisation of the AB-i is subject to available limit within the trade limit granted to you.
- You must ensure that there are sufficient funds in your current account with the Bank for us to debit for payment of the financing amount, profit due and applicable fees and charges.
- You are required to ensure that the assets/goods in the invoices to be financed are Shariah-compliant.

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

Fees and Charges	Details
Acceptance commission by arrangement	As per Letter of Offer. Minimum RM100.00.
Postage fee	Postage of RM10.00.
Bunching fee (3 & above invoices)	Bunching fee of RM50.00 where applicable.
Handling fee (for face value less than RM100,000)	RM50.00
RENTAS fee	RENTAS fee of RM5.00 where applicable.

Unless otherwise specified herein, the Bank's charges exclude any current taxes and future taxes (if any) that may be imposed under the relevant legislation. Should any of such taxes be implemented in the future and whenever applicable, the Bank will be entitled to recover such taxes from you.

You will be notified of any changes to the fees and charges at least twenty one (21) calendar days prior to the effective date(s) of such changes.

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

- Late Payment Charges (“LPC”) will apply in the following scenarios:
  - In the case of default causing the entire Facility to be recalled or brought to court for judgement prior to the maturity of the AB-i - Compensation at a rate equivalent to the Bank's actual cost not exceeding 1% per annum or such other maximum rate prescribed by Bank Negara Malaysia on the outstanding balance (outstanding principal and accrued profit) accruing from the due date\* up to the date of settlement or judgement (whichever is earlier).
  - After maturity of the AB-i – Compensation at a rate equivalent to the Bank's actual cost not exceeding the prevailing daily overnight Islamic Interbank Money Market (IIMM) rate prescribed by Bank Negara Malaysia on the outstanding balance (outstanding principal and accrued profit).
  - Facility presented to the court for judgement: Late payment charges shall be imposed at a rate equivalent to the Bank's actual cost not exceeding the IIMM rate prescribed by Bank Negara Malaysia on the outstanding balance (which excludes outstanding uncollected late payment charges and other costs prior to judgement) from the date of judgement until the judgement debt is fully settled.
  - Notwithstanding the above, the amount of compensation shall not be compounded.

**Formula:**

**Late Payment Charges = Outstanding balance x LPC rate x No. of days overdue / 365 days**

Illustration of LPC computation:

Outstanding balance	RM100,821.92
LPC rate	1.72%
No. of days overdue	10 days
LPC amount	$\frac{RM100,821.92 \times 1.72\% \times 10 \text{ days}}{365}$ = RM47.51

LPC imposed will increase the outstanding balance due to the Bank.

- Right to set-off: The Bank has the right to set-off any credit balances in your account(s) maintained with the Bank against any outstanding balances under the facility with prior notice of at least 7 calendar days if you fail to settle the amounts due on their maturity dates.
- The Bank may take legal action against you and your guarantor (if any) if you fail to respond to our reminder notices for payment and you will have to bear all costs in relation thereto. The collateral (if any) securing the facility may also be liquidated or foreclosed to settle the overdue amount.
- The Bank may also take legal action against you and/or your guarantor (if any) and liquidate or foreclose the collateral provided (if any) for the facility.

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

- The Bank will not collect profit for the remaining tenure after settlement. The Bank will grant rebate (*ibra'*) on the Selling Price (total obligation for the financing) due to the early settlement.
- The facility may be redeemed at any time prior to the maturity date of the transaction subject to at least 1 month prior written notice to the Bank.
- The Bank shall grant rebate (*ibra'*) on the settlement date based on the formula as set out below in the event of any of the following scenarios:
  - Early redemption / settlement, where the customer has given prior written notice to the Bank;
  - Settlement due to restructuring of the financing facility;
  - Settlement by customer where the financing facility is in default / after the Bank executed foreclosure proceedings and auctioned the asset pledged as collateral;
  - Settlement by customer in the event of termination or cancellation of financing facility before the maturity date of the contract.

Formula:

Settlement Amount = Outstanding Facility Amount + Profit due – Rebate (*ibra'*) + Late Payment Charges (if any) + Miscellaneous charges (if any)

Where:

***ibra'* (rebate) = Deferred profit – Early Settlement Charges (if any)**

Note:

The remaining unearned profit is equal to unrealized profit at the time of full settlement. The calculation of rebate shall be made in accordance with Guidelines *Ibra'* (Rebate) for Sale-Based Financing issued by Bank Negara Malaysia.

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

If you fail to settle a matured AB-i transaction you will not be allowed to further utilize the facility and recovery processes including of legal action may be taken against you to recover the amount due.

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

- Collateral: Subject to the credit evaluation by the Bank. Any collateral provided must be acceptable to Shariah.
- Guarantor: Subject to the credit evaluation by the Bank.

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

It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. Contact your relationship manager or update your account details at any of our bank's branches.

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

- If you have difficulties in making payments, you should contact your relationship manager as soon as possible to discuss payment alternatives.
- Alternatively, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK). AKPK offers specialised solutions to help small and medium enterprises (SMEs) to manage their debt and promote sound financial management practices via their Small Debt Resolution Scheme (SDRS). AKPK's services can be accessed via their online channel at <https://services.akpk.org.my>.
- If you wish to make a complaint on the products or services provided by us, please inform your relationship manager or you may contact us at:  
**Alliance Bank Malaysia Berhad, Group Complaints Unit**  
**7th Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur**  
**Tel: 03-2600 1800; Fax: 03-26918229; Email: [info@alliancefg.com](mailto:info@alliancefg.com)**
- If your query or complaint is not satisfactorily resolved by us, you can call 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?**

If you would like to have more information about AB-i and/or our other products and services, please visit our Bank's website at <https://www.alliancebank.com.my/> or contact your business relationship manager.

**13. Other business products and services available**

No.	Services
1.	Islamic Trade Products and Services
2.	Cashline Facility-i
3.	Commodity Murabahah Term Financing-i
4.	Commodity Murabahah Revolving Credit-i
5.	Business Premise Financing-i
6.	Industrial Hire Purchase-i

**14. Disclaimer**

This Product Disclosure Sheet is for information purposes and shall not be construed as an obligation by the Bank to grant facilities to you. The terms herein are subject to the Bank's credit evaluation and approval.

The information provided in this product disclosure sheet is valid as at [to insert date].

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT HONOUR YOUR PAYMENT OBLIGATIONS FOR THE FACILITY.**

**ACKNOWLEDGEMENT BY CUSTOMER:**

I/We acknowledge that I/we have read and understood the features of the product, its salient terms and the obligations attached to it. I/we understand that this product disclosure sheet is only for information purposes and shall not be construed as an offer by the Bank or an obligation by the Bank to grant any facilities to us.

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 Name:

Date: