




ALLIANCE ISLAMIC BANK

Islamic Export Credit Refinancing-i (IECR) Product Disclosure Sheet

<p>PRODUCT DISCLOSURE SHEET</p> <p>Please read this Product Disclosure Sheet (PDS) before you decide to apply for Islamic Export Credit Refinancing-i (IECR). 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.</p>	 <p>ALLIANCE ISLAMIC BANK Alliance Islamic Bank Berhad 200701018870 (776882-V)</p> <p>Product name: Islamic Export Credit Refinancing-i (IECR)</p>
<p>1. What is this product about?</p>	
<p>Islamic Export Credit Refinancing-i (IECR) is a short-term trade financing facility offered to direct / indirect exporters to facilitate the export of manufactured products, agriculture products and primary commodities that are 'halal' ("halal goods").</p> <p>IECR is offered as follows:</p> <ol style="list-style-type: none"> IECR (pre-shipment) – Available to direct/indirect exporters to facilitate the production of eligible goods for export prior to shipment. Other than the purchase of goods, the financing may also cover direct expenses which are costs to be incurred in relation to the purchase of the goods. Indirect expenses such as overhead costs shall not be financed by IECR. IECR (post-shipment) – Available to direct exporters who export eligible products on sight/credit term upon presentation of export documents after shipment of goods <p><i>*The inputs and the end products to be exported must be "Halal". 'Halal goods' refer to goods that are not prohibited by Shariah law. Please refer to your relationship manager to seek confirmation on whether the goods to be financed are within the list of goods prohibited by Shariah.</i></p>	
<p>2. What is the Shariah contract applicable?</p>	
<p>IECR (pre-shipment) is structured based on the Shariah contracts of <i>wakalah</i> (agency) and <i>murabahah</i> (cost plus profit).</p> <p><u>Wakalah (agency)</u> The Bank appoints the Customer (exporter) as its purchasing agent via an Agency Appointment document executed at the point of acceptance of the letter of offer. For each financing application, the Customer shall purchase goods on behalf of the Bank.</p> <p><u>Murabahah (cost plus profit)</u> The purchase by the Customer (exporter) is followed by a sale contract whereby the Bank sells the goods to the Customer on deferred payment terms at the Bank's Selling Price equivalent to the financing amount plus profit.</p> <p>IECR (post-shipment) is structured based on the Shariah contract of <i>bai al-dayn</i> (sale of debt).</p> <p><u>Wakalah (agency)</u> The Bank appoints the Customer (exporter) as its collecting agent via an Agency Appointment document executed at the point of acceptance of the letter of offer.</p> <p><u>Bai' al-dayn (sale of debt)</u> Due to the deferred payment terms granted to the importer for the shipped goods, the Customer (exporter) sells the export bill (the debt) to the Bank in order to obtain immediate funds. When the Customer receives payment from the importer's bank on a future date, the funds will be utilised to settle the IECR financing on the maturity date.</p>	
<p>3. What do I get from this product?</p>	
<p>a) Financing Amount: The financing amount for each IECR transaction is dependent on the amount invoiced by the supplier of the customer (for IECR pre-shipment) or the value of the export bill (for IECR post-shipment) presented to the Bank.</p> <p>b) Margin of financing:</p> <p><u>Pre-shipment IECR</u> Direct exporter – up to 95% on value of export order Indirect exporter – Up to 95% of IECR domestic letter of credit-i, IECR domestic purchase order or local purchase order.</p> <p><u>Post-shipment IECR</u> Margin of financing is up to a maximum of 100% of the export bill value, subject to availability of IECR credit limit with the Bank and EXIM Bank's administrative limit.</p>	

c) Financing Tenure:

Pre-shipment - Up to maximum of 120 days
 Post-shipment - Up to maximum of 183 days

The financing tenure to be granted for the facility is subject to the Bank's credit evaluation.

d) Pricing: Base Financing Rate (BFR)* + financing spread (%) per annum.**4. What are my obligations?**

a) Payment of Bank's Selling Price: The principal drawn and profit for the tenure of the financing is payable in full on the maturity date.

b) Payment method:

Pre-shipment IECR

Direct exporter – Export proceeds or post-shipment proceeds
 Indirect exporter – Proceeds from direct exporter

Post-shipment IECR

Receipt of export proceeds or maturity of the post-shipment bill whichever is earlier

c) Periodic review: To furnish the required information for the Bank to conduct periodic review of your facilities.

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

Please request from your Relationship Manager for the Bank's standard fees and charges for trade facilities and refer to the latest ECR-i Guidelines of EXIM Bank. If there are any changes in fees and charges that are applicable to your financing facility, the Bank will provide notification 21 calendar days prior to the effective date of implementation.

Unless otherwise specified herein, our fees exclude any current and future taxes (if any) that may be imposed, under the relevant legislation. Upon the effective date of implementation of any such taxes in the future and wherever applicable, the Bank shall be entitled to recover such taxes from you.

6. What if I fail to fulfil my obligations?

- Late Payment Charges ("LPC") will apply:

In the event of default/non-payment after the maturity date of the Facility, the Bank shall collect late payment fees as compensation (ta'widh) at the Bank's actual cost up to a compensation rate 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). In the event of default/non-payment after the maturity date of the Facility, the Bank shall collect late payment fees as compensation (ta'widh) at the Bank's actual cost up to a compensation rate 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). 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

*Note: The date that the financing becomes immediately due and payable as a result of the Facility being recalled or brought to court for judgement.

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 has the right to commence 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.
- Legal action against you may affect your credit rating and this will affect your ability to obtain additional facilities from banks.

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

- The facility may be redeemed at any time prior to the maturity of the tenure of the Facility subject to at least 1 month prior written notice to the Bank.
- An early settlement fee of 3% on the original facility amount is payable for early termination of the facility (not applicable to SME customers).
- The Bank shall grant *lbra'* (rebate) 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 – *lbra'* (rebate) + Late Payment Charges (if any) + Miscellaneous charges (if any)

Where:

***lbra'* (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 *lbra'* (rebate) shall be made in accordance with Guidelines *lbra'* (Rebate) for Sale-Based Financing issued by Bank Negara Malaysia.

8. What are the major risks?

- If you do not honour your payment obligations you will be liable for all costs and expenses incurred by the Bank for legal action taken against you and for the recovery of the outstanding facilities.
- If you have any problems meeting your obligations, contact us early to discuss payment alternatives.

9. Do I need a guarantor or collateral?

- Collateral: - Subject to the credit evaluation of the Bank.
- Guarantor: - Subject to the credit evaluation of 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.

11. Where can I get assistance and redress?

- If you have any complaints about the products or services provided by us, you may contact us at:
Alliance Islamic Bank Berhad, Group Complaints Unit, 15th Floor, Menara Multi Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel: 03-2604 3300 Fax: 03-2691 8229 Email: info@alliancefg.com
- Alternatively, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counseling, financial education and debt restructuring for individuals. You can contact AKPK at:

Tingkat 8, Maju Junction Mall, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel: 1-800-22-2575

Fax: 03 – 2616 7601

Email: enquiry@akpk.org.my

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

Laman Informasi Nasihat & Khidmat, Bank Negara Malaysia, P.O Box 10922, 50929 Kuala Lumpur

Tel: 1-300-88-5465

Fax: 03-2174 1515

Email: bnmtelelink@bnm.gov.my**12. Where can I get further information?**

Should you require additional information about our facilities and services, you may contact our business relationship managers at the business banking centres or refer to our website at www.allianceislamicbank.com.my

13. Other type of Business Financing packages available:

No.	Services
1.	Islamic Trade Products and Services
2.	Cashline Facility-i
3.	Commodity Murabahah Term Financing-i
4.	Biz Prop Term Financing-i
5.	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.

 Name:

Date: