




ALLIANCE ISLAMIC BANK

Letter of Credit-i Product Disclosure Sheet

PRODUCT DISCLOSURE SHEET	 ALLIANCE ISLAMIC BANK <small>Alliance Islamic Bank Berhad 200701018870 (776882-V)</small>								
<p>Please read this Product Disclosure Sheet (PDS) before you decide to apply for Letter of Credit-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.</p>	<p>Product name: Letter of Credit-i</p>								
<p>1. What is this product about?</p>									
<p>Letter of Credit-i ("LC-i") is a document issued by a Bank at the request of an applicant (purchaser/importer) to a beneficiary (seller) as assurance of payment within a specific time period against complying presentation of the specified documents. It is applicable for imports and local purchases of goods.</p> <p>The LC-i shall be governed by the latest version of the Uniform Customs and Practice for Documentary Credits (UCP), the International Chamber of Commerce Publication that is currently in force.</p>									
<p>2. What is the Shariah contract applicable?</p>									
<ul style="list-style-type: none"> The underlying Shariah contract for LC-i is <i>wakalah</i>. <i>Wakalah</i> is a contract of agency in which one party (party A) appoints another party (Party B) to perform a certain task on behalf of Party A, usually for payment of a fee or commission. In the context of LC-i, the customer (the purchaser/importer) appoints the Bank as its agent to make payment to the beneficiary (seller/supplier) as stipulated in the LC-i provided that the beneficiary complies with the terms and conditions of the LC-i. 									
<p>3. What do I get from this product?</p>									
<ul style="list-style-type: none"> You will have an opportunity to negotiate with the supplier for better credit terms and pricing. You will have the comfort of paying the supplier only after the goods purchased have been shipped. The supplier who is the beneficiary of the LC-i will also be assured that payment will be made by the issuing Bank upon presentation of the documents that comply with the terms and conditions of the LC-i. 									
<p>4. What are my obligations?</p>									
<ul style="list-style-type: none"> Submission of a list of your suppliers to the Bank for approval. The approved list of suppliers may be reviewed by the Bank from time to time. Fulfilment of your obligations in accordance with the terms and conditions of the LC-i. Payment of commission to the Bank for each utilisation of LC-i. Please refer to the table below: <table border="1" data-bbox="236 1352 1493 1581"> <thead> <tr> <th>Type of commission</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Issuance of LC-i</td> <td>0.1% per month or part thereof/as per Letter of Offer on the LC-i amount plus actual cost and correspondent charges, if any. Minimum: RM100.00</td> </tr> <tr> <td>Amendment of LC-i for extension / increase in value</td> <td>0.1% per month or part thereof for the extended period / incremental value plus actual cost and correspondent charges, if any. Minimum: RM50</td> </tr> <tr> <td>Acceptance Commission on Usance Credits</td> <td>0.1% per month or part thereof on the LC-i amount for the usance period plus actual cost. Minimum: RM100.00</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Adherence to the terms and conditions in the letter of offer and other documents in relation to the facility. 		Type of commission	Amount	Issuance of LC-i	0.1% per month or part thereof/as per Letter of Offer on the LC-i amount plus actual cost and correspondent charges, if any. Minimum: RM100.00	Amendment of LC-i for extension / increase in value	0.1% per month or part thereof for the extended period / incremental value plus actual cost and correspondent charges, if any. Minimum: RM50	Acceptance Commission on Usance Credits	0.1% per month or part thereof on the LC-i amount for the usance period plus actual cost. Minimum: RM100.00
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<p>5. What are the fees and charges I have to pay?</p>									
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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.

6. What if I fail to fulfil my obligations?

- The Bank has right to set-off any credit balance in any one of your accounts with Alliance Bank or Alliance Islamic Bank to settle the amount in arrears arising from your utilisation of the LC-i facility.
- The Bank may commence legal action against you and your guarantor (if any) and the collateral (if any) securing the facility may be liquidated or foreclosed to settle the amount(s) due to the Bank. If there is a shortfall in the proceeds received after liquidation or foreclosure of the collateral, you are required to cover such shortfall.

7. What if I cancel the LC-i?

Confirmation/consent from the beneficiary must be obtained prior to cancellation. The commission collected for the LC-i will not be refunded. The Bank will not honour payment to the supplier in view of the cancellation of the LC-i.

8. Do I need any insurance/takaful coverage?

Depending on the incoterms negotiated on the sales contract, takaful coverage to be arranged for goods under LC-i accordingly.

9. What are the major risks?

- Goods: Non-delivery, short shipment and shipment of inferior goods, loss of or damage to goods in transit.
- Documents: Goods may arrive before the documents under the LC-i are received.
- Foreign Exchange Risk if LC-i is in foreign currency.

10. Do I need a collateral or guarantor?

The requirement for collateral is subject to credit evaluation by the Bank.

11. 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.

12. Where can I get assistance and redress?

- If you have any difficulty in meeting your payments for the facility, you may contact your business relationship manager or contact our Customer Care Unit at:
Alliance Islamic Bank Berhad, Customer Care Unit Level 7, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah 50100 Kuala Lumpur.
Tel: 03-5624 3888 (Overseas) / 1-300-80-3388 (Malaysia) Fax: 03-5516 9399 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 counselling, financial education and debt restructuring for individuals and SMEs. For further information or to register, please contact AKPK through the Small Medium Enterprise Help Desk accessible via AKPK's website (akpk.org.my/) or the following contact points:
Menara Bumiputra-commerce, Level 5 & 6, Jalan Raja Laut, 50350 Kuala Lumpur.
Tel: 03 – 2616 7766 Email: enquiry@akpk.org.my
- If your 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?

If you would like to have more information about LC-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. You may also contact us at:
Tel: 1-300-80-3388 (Malaysia) 03-5624 3888 (Overseas) Email: info@alliancefg.com

14. Other trade services / trade financing products available:

No.	Services	No.	Financing
1.	Over-the-Counter Letter of Credit-i	1.	Accepted Bill-i
2.	Standby Letter of Credit-i	2.	Murabahah Trust Receipt-i
3.	Bank Guarantee-i	3.	Murabahah Working Capital Financing-i
4.	Over-the-Counter Bank Guarantee-i	4.	Export Credit Refinancing-i

5.	Shipping Guarantee-i	5.	Export Bills Purchased-i (EP-i)
6.	Inward Bill for Collections-i (IC-i)		
7.	Outward Bills for Collection-i (EC-i)		
8.	Inward Letter of Credit-i (EL-i)		

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: