



Product Disclosure Sheet – Bills of Exchange Purchased-i

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you decide to accept the Bills of Exchange Purchased-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

Bills of Exchange Purchased-i (BEP-i)

<dd/mm/yy>

1. What is Bills of Exchange Purchased-i facility?

- ✓ Bills of Exchange Purchased-i (BEP-i) is a generic term used to denote Bills of Exchange Purchased/ discounted by the Bank under an export/ domestic collection or an export/ domestic Letter of Credit (LC) negotiation. It is a credit facility made available to an exporter or seller/ beneficiary of an export/ local LC as a means to provide the working capital needed for its on-going business.
- ✓ Proceeds from the collection shall be applied to liquidate the bills purchased outstanding financing.
- ✓ Documentary collection is governed under the current Uniform Rules of Collection (URC 522) published by International Chamber of Commerce (ICC).
- ✓ The categories of BEP-i are as follows:

Foreign BEP-i

a) Foreign BEP-i LC

This facility is made available 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. To access this facility, the beneficiary (exporter) must be able to provide drafts/ documents that are drawn in compliance with the terms and conditions of the related LC to secure an immediate cash advance from the Bank 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 the Bank and the proceeds received from the drawee/ importer/ Issuing Bank will be used to liquidate the outstanding Foreign BEP-i LC financing.

b) Foreign BEP-i without LC

This facility is made available to any exporter (seller)/ customer 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 the Bank under documentary collection basis. Proceeds of the documentary collection will be applied to liquidate the bill purchase outstanding financing.

Domestic BEP-i

a) Domestic BEP-i LC

The application of this facility is similar to Foreign BEP-i LC as above except that it is made available to the beneficiary (seller) for financing its domestic trade. To qualify for Domestic BEP-i LC financing, it must be an inland bill and supported by a Local LC. The BEP-i and the supporting LC documents will be negotiated and purchased/ discounted by the Bank and the proceeds received from the drawee/ importer/ Issuing Bank will be used to liquidate the outstanding Domestic BEP-i LC financing.

b) Domestic BEP-i without LC

The application of this facility is similar to Foreign BEP-i without LC as above except that it is made available

to seller for financing its domestic trade. To qualify for Domestic BEP-i without LC financing, it must be an inland bill. The BEP-i and the supporting documents will be processed by the Bank under documentary collection basis and its proceeds will be utilised to liquidate the bill purchase outstanding financing.

2. What is the Syariah contract/ concept applicable?

- ✓ Bay' al-Dayn - refers to purchase of debt. It is a financing facility whereby the Bank purchases the Customer's right to the debt, which is normally securitized in the form of bill of exchange.

3. What do I get from this product?

Financing Amount	Up to 100% of the value of the export bill
Tenure	<ul style="list-style-type: none"> • Based on the agreed tenure between the seller and the buyer as stated in the LC.
Bank's financing rate	<p>Base Financing Rate (BFR) +/- spread (spread is subject to the Bank's approval).</p> <p>Bank Islam's current BFR is 5.47% p.a. (as at 1 December 2020) while spread is 1.5% (subject to the Bank's approval). Please visit/refer to https://www.bankislam.com/deposit-financing-rates/ for the latest BFR.</p> <p>The financing rate based on daily rest will be quoted by the Bank on the intended day of utilization of the facility based on tenure requested by the customer. The facility profit rate comprising BFR and spread will be fixed for the duration of financing tenure as requested by the customer.</p>

Formula to calculate Selling Price and Profit Margin as per below:

$$SP = FV \left[1 + \left(\frac{r \times t}{36500} \right) \right]$$

SP = Selling Price

FV = Financing value

r = Financing rate

t = Tenor of financing

Profit Margin = Selling price – Financing value

Illustration:

FV = RM100,000

r = 10%

t = 60 days

$$SP = 100,000 \left[1 + \left(\frac{10 \times 60}{36500} \right) \right]$$

$$= RM101,643.84$$

Profit Margin = RM101,643.84 - 100,000.00

= RM1,643.84

Contracted Profit Rate (CPR)

Depending on the offering as per the LO

Commission

Domestic:

0.1% flat on the bill amount with:

Min : RM50.00

Max : RM500.00

Foreign:

0.1% flat on the bill amount with:

Min : RM50.00

Max : RM100.00

4. What are my obligations?

- ✓ You are required to settle the financing amount, profit and charges in full upon each BEP-i maturity

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

- ✓ Stamp Duty [as per Stamp Duty Act 1949 (Revised 1989)]
- ✓ Fees and Commission
- ✓ SWIFT / Rentas Charges (if any)
- ✓ Postage and Courier (if any)

Note: Please refer to our website at 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. Do I need to take up Takaful coverage?

- ✓ It is optional, however you or your buyer/ importer is advised to subscribe to any appropriate Takaful protection.

8. Do I need a guarantor or collateral?

- ✓ If you do not meet the minimum credit requirement, the Bank may require guarantor(s) or collateral in order for you to proceed with the submission.

9. What are the major risks?

- ✓ Minimum risk in terms of changes in profit rates as the financing rate is fixed for the duration of the financing tenor. However, you may face the foreign exchange risk for Foreign BEP-i.

10. 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.

11. 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

13th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Tel: 03-2782 1078/ 1089/ 1087/ 1086

Fax: 03-2782 1346

Or

Group Institutional Banking

Bank Islam Malaysia Berhad

27th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: (to be filled by our RM's)

Tel: (to be filled by our RM's)

Fax: 03-2726 7818

Email: (to be filled by our RM's)

Or

SME Banking

Bank Islam Malaysia Berhad

16th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: (to be filled by our RM's)

Tel: (to be filled by our RM's)

Fax: 03-2726 7818

Email: (to be filled by our RM's)

If you wish to complaint 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: customercare@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

- ✓ 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

12. 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

17th Floor, Menara Bank Islam,

No. 22, Jalan Perak,

50450 Kuala Lumpur.

Tel: 03-26 900 900

Email: contactcenter@bankislam.com.my

www.bankislam.com

13. 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-i
5. Letter of Credit Transfer-i
6. Shipping Guarantee-i
7. Bank Guarantee-i
8. Accepted Bills-i (Purchase)
9. Accepted Bills-i (Sales)
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 BFR shown in this Product Disclosure Sheet is subject to changes.
3. The information provided in this Product Disclosure Sheet is valid as at 18/10/2023.

Acknowledge Receipt by Customer

.....

Name:

I/C Number:

Date: