

NO.	ITEM	INFORMATION
1.	Product Name	Accepted Bills-i (AB-i)
2.	Type of Facility	Trade Bills-i Facility
3.	What is AB-i?	Accepted Bills-i (AB-i) is a bill of exchange drawn by the Bank on and accepted by the purchaser/importer (local purchase/import) OR drawn by the seller/exporter on and accepted by the Bank (local sale/export). The creation of Accepted Bills-i is subject to 'Guideline on Accepted Bills-i' issued by Bank Negara Malaysia (BNM).
4.	Shariah Concept	<p>The Accepted Bills-i is formulated based on the following Shariah concept:</p> <ul style="list-style-type: none"> • Murabahah – refer to the selling of goods/assets at a price whereby the costs and profit margin (mark-up) are made known and agreed to by both parties. The basic feature of Murabahah is that the seller discloses the actual cost he has incurred in acquiring the goods/assets, and how much profit he is going to charge in addition to the cost. • Bay al-Dayn bi al-Sila' – refers to purchasing of debt in exchange of commodity, followed by disposal of the commodity by customer for cash. It is a financing facility whereby the Bank purchases the Customer's right to the debt in exchange of commodity, which is normally securitized in the form of bill of exchange.
5.	Modus Operandi	<ul style="list-style-type: none"> ○ <u>Purchase/import from resident/non-resident</u> <ol style="list-style-type: none"> 1. Local purchase/import would be financed under Murabahah (cost-plus). The customer is appointed as the purchasing agent for the Bank. The required goods would be purchased by the customer on behalf of the Bank. 2. Upon presentation of the invoice or the other relevant documents, the Bank would then reimburse the supplier/exporter by making payment direct to them. 3. The Bank would then resell the goods to the customer at the price which is inclusive of the Bank's profit margin. The customer is now allowed a deferred payment term of up to 365 days. 4. Upon maturity of the AB-i, the customer will pay the Bank the cost of the goods plus Bank's profit margin.

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		<p>5. If the Bank decides to sell the bill to a third party, then the concept of Bay al-Dayn would be applied whereby the Bank will sell the AB-i at an agreed discounted price.</p> <p>6. On maturity, the Bank pays the third party for the face value of the AB-i which is also the amount it receives from its customers.</p> <p>○ <u>Sale/export to resident/non-resident</u></p> <ol style="list-style-type: none"> 1. The Customer (Exporter) and the Buyer (Importer) agree on a trade transaction whereby the Customer agrees to sell and buyer agrees to buy the merchandise. As a result, a sale contract is drawn up between the Customer and the Buyer stipulating the various terms and conditions under which the contract is to be fulfilled and payment is to be made. 2. Pursuant to the sale documents between the Customer and the Buyer, the Customer will prepare the sale documents to be submitted to the Buyer's Bank via Affin Islamic Bank (the Bank). 3. The Bank then forward the sale documents as required under the sale contract to the Buyer's Bank. 4. Subsequently, the Customer will draw on the Bank a new bill of exchange as a substitution bill that represents the AB-i. 5. The Bank then undertakes the commodity trading transaction to facilitate the purchase of the bill of exchange. Please refer commodity trading arrangement as illustrated below. 6. On maturity, the Buyer will settle the invoice amount of the bill. 7. Buyer's Bank will remit the payment to the Bank and will be offset against the customer's financing account. <p><u>Commodity Trading Process Flow</u></p> <p><u>STEP 1</u> Upon obtaining the relevant documents from the Customer, the Bank examines the documents and ensures all the required documents are in order. If they are in order, TFC will proceed to instruct Trading Unit to perform the commodity trading arrangement for the BPP by submitting the following documents:</p>

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		<p>(i) Request to purchase commodity (ii) Letter of Agency.</p> <p>Trading Unit will purchase the commodity from Supplier / Broker A at the BPP.</p> <p>STEP 2 Thereafter, the Bank purchases the Customer's debt / receivable at the BPP.</p> <p>The Bank then makes payment in the form of the commodity to the Customer.</p> <p>STEP 3 Subsequently, the Customer will appoint the Bank (trading unit) as an agent to sell the commodity to Ableace Raakin.</p> <p>Immediately, upon conclusion of the 'aqad' (contract) with the Customer, a copy of the e-certificate generated from the Ableace Raakin platform will be forwarded to TFC.</p> <p>Upon receipt of the e-certificate and confirmation of 'aqad' (via email), TFC will proceed with the disbursement to the Customer account as per existing procedures transacted through Silverlake Integrated Banking System (SIBS) for AB-i.</p>

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6.	Characteristics of AB-i	<ul style="list-style-type: none"> ○ <u>AB-i for purchase/import</u> <ul style="list-style-type: none"> • It is drawn by the drawing bank and accepted by the purchaser • Payable in Malaysian Ringgit • Not payable on demand but payable on a specified future date without days of grace, not earlier than 21 days from date of acceptance • The maturity date of the AB-i shall be determined to be not later than the end of the turnover period deemed reasonable by the drawing bank for the type of goods involved. • The maturity date shall be determined as 365 days less the period between the date of the earliest supporting document and drawing date, provided that the drawing bank shall not draw a purchase transaction where the earliest supporting document is presented after 180 days from its date of origination • Payable to the order of the drawer for the face value of the AB-i • Payable in an amount of not less than RM50,000-00 • Payable at the Head Office, Central Office or Main Office of an Islamic Bank or Commercial Bank in Kuala Lumpur • Enfaced with statement that it was drawn to finance the purchase of goods from a resident. • the goods are not : <ul style="list-style-type: none"> i) purchased on hire purchase terms from the supplier. ii) intended to be used as the fixed assets of the buyer. iii) intended to be leased to another person by the buyer. ○ <u>AB-i for sale/export</u> <ul style="list-style-type: none"> • It is drawn by the seller/exporter and accepted by the Bank. • Payable in Malaysian Ringgit. • Not payable on demand but payable on a specified future date without days of grace, not earlier than 21 days from date of acceptance. • The usance period of the AB-i shall not exceed the remaining credit period extended by the drawer (supplier) to the purchaser of the goods.

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		<ul style="list-style-type: none"> • The original credit period extended by the supplier to the purchaser does not exceed 365 days, provided that where the purchaser is a non-resident, the prior approval of the Controller of Foreign Exchange has been obtained by the supplier to provide original usance terms of more than six months to non-resident purchasers. • Payable to the order of the drawer for the face value of the AB-i • Payable in an amount of not less than RM50,000-00 • Payable at the Head Office, Central Office or Main Office of an Islamic Bank or Commercial Bank in Kuala Lumpur • Enfaced with statement that it was drawn to finance the sales of goods to a resident(s) or a non-resident(s) • The goods were not sold under a hire-purchase or sale and lease-back agreement and the supplier does not intend to sell, or has not pledged to sell, or has not 'sold' the receivable under a factoring agreement.
7.	Multiple Trade Transactions	<p>A single AB-i maybe drawn to finance multiple trade transactions, subject to the following conditions:</p> <ul style="list-style-type: none"> ○ All the trade transactions belong to the same class of transaction i.e. purchase from non-resident, sale to non-resident, purchase from resident or sale to resident. ○ The total financial value of the trade transactions is at least RM50,000-00 ○ The tenor of the AB-i drawn shall not exceed: <ul style="list-style-type: none"> a) in the case of financing purchases, 365 days less the period between the date of the earliest supporting document and the date of the drawing the AB-i, provided that the drawing Bank declines to accept a transaction documented more than 180 days before the drawing date or b) in the case of financing sale transaction, the shortest remaining credit period extended by the drawer (seller) to the purchaser(s) of the goods. ○ Ensure that the maximum amount for each invoice to be available for AB-i financing is RM1,000-00.
8.	Profit Rate	<ul style="list-style-type: none"> • The profit rate to be charged will be the prevailing AB-i market rate quoted by Treasury. • The profit charged shall be fixed throughout the financing period.

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9.	Commission	<table border="1" style="margin-left: 20px;"> <tr> <td style="padding: 2px;">Local</td> <td style="padding: 2px;">0.75% - 2%</td> </tr> <tr> <td style="padding: 2px;">Foreign</td> <td style="padding: 2px;">0.75% - 2%</td> </tr> </table> <ul style="list-style-type: none"> AB-i <u>purchase/import</u>, the drawer may charge the acceptor a commission for the drawing service. AB-i <u>sale/export</u>, the drawer of an AB-i may pay the Bank a commission for the acceptance service. 	Local	0.75% - 2%	Foreign	0.75% - 2%
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10.	Payment	<ul style="list-style-type: none"> Accepted Bills-i is payable on demand Total amount payable to the Bank is inclusive the fees and charges 				
11.	Eligibility	<ul style="list-style-type: none"> Sole Proprietors Partnerships SME's Private & Public Limited Companies / Institutions Government/Statutory Bodies <p><i>Nature of business must be Shariah compliant</i></p>				
12.	Security / Collateral	<p>The customer may be required to provide security on case to case basis. The bank will accept any security which is Shariah compliant and approved by the Bank's credit policy.</p>				

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13.	Fees and charges	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Fees and charges</th> <th style="text-align: left;">Amount (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="2">Stamp duty</td> </tr> <tr> <td>○ Facility Agreement</td> <td style="text-align: center;">Ad valorem</td> </tr> <tr> <td>○ Other Security Document</td> <td></td> </tr> <tr> <td> • Letter of Offer</td> <td style="text-align: center;">Nominal</td> </tr> <tr> <td> • Contract Note for Murabahah Financing</td> <td style="text-align: center;">Nominal</td> </tr> <tr> <td> • Contract Note for Bay al-Dayn</td> <td style="text-align: center;">Nominal</td> </tr> <tr> <td> • Letter of Undertaking for Accepted Bills-i</td> <td style="text-align: center;">Nominal</td> </tr> <tr> <td colspan="2">*Brokerage Fee</td> </tr> <tr> <td>○ SME customers</td> <td style="text-align: center;">RM 5.00 per RM1.0 million transactions.</td> </tr> <tr> <td>○ Corporate customers, the brokerage fee shall be at</td> <td style="text-align: center;">RM10.00 per RM1.0 million transactions.</td> </tr> <tr> <td colspan="2">All other charges shall follow the Bank's Standard Tariff of Charges</td> </tr> </tbody> </table> <p>Note:</p> <ul style="list-style-type: none"> *Brokerage Fee is subject to change from time to time as quoted by the commodity provider. 	Fees and charges	Amount (RM)	Stamp duty		○ Facility Agreement	Ad valorem	○ Other Security Document		• Letter of Offer	Nominal	• Contract Note for Murabahah Financing	Nominal	• Contract Note for Bay al-Dayn	Nominal	• Letter of Undertaking for Accepted Bills-i	Nominal	*Brokerage Fee		○ SME customers	RM 5.00 per RM1.0 million transactions.	○ Corporate customers, the brokerage fee shall be at	RM10.00 per RM1.0 million transactions.	All other charges shall follow the Bank's Standard Tariff of Charges		
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14.	Ta'widh (Compensation Charges)	<p><u>After maturity</u></p> <p>The Bank shall charge the prevailing Islamic Interbank Money Market (IIMM) rate on the outstanding balance.</p> <p>The Bank shall be guided by BNM's Guidelines on Late Payment Charges for Islamic Financial Institutions.</p>																									

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The information provided in this Quick Product Guide is valid as at 10 May 2019.