

NO.	ITEM	INFORMATION
1.	Product Name	Bills Negotiation-i (BN-i)
2.	Type of Facility	Trade Bills-i Facility
3.	What is Bills Negotiation-i?	<ul style="list-style-type: none"> • Foreign / Domestic Bills Negotiated (FBN-i/DBN-i) is a facility granted by the Bank to the Customer whereby the Bank negotiates the customer's foreign/domestic bills drawn under a Letter of Credit favouring themselves. • The Bank will only purchase the documents presented that are in compliance with the terms and conditions of the Letter of Credit. • The above are governed under the current Uniform Custom & Practice for Documentary Credit (UCP) published by International Chamber of Commerce. • No limit is required for negotiation of clean documents for our customers, while discrepant documents can be financed provided the customer has been approved with discrepant lines.
4.	Benefits	<ul style="list-style-type: none"> • Immediate cash funds upon presentation of documents • Maximizing financing value • Low fees and charges
5.	Shariah Concept	Bay' Al Dayn Bi Al Sila' refers to enhancement of the existing Bay' Al Dayn concept with the adoption of buying and selling of the commodity in relation to the sale of debt.
6.	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>
7.	Processing of Application	Application for financing is as per existing processes and that the completion of Financing Approval Memo (FAM) is also per the Bank's existing standard credit assessment and evaluation process.

a) **Modus Operandi for Bills Negotiation-i**

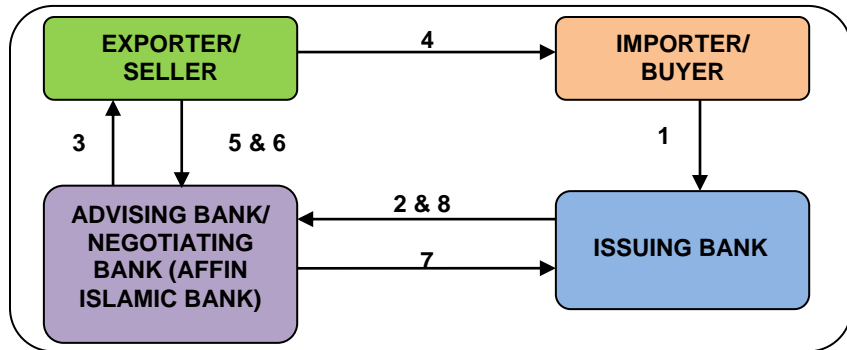


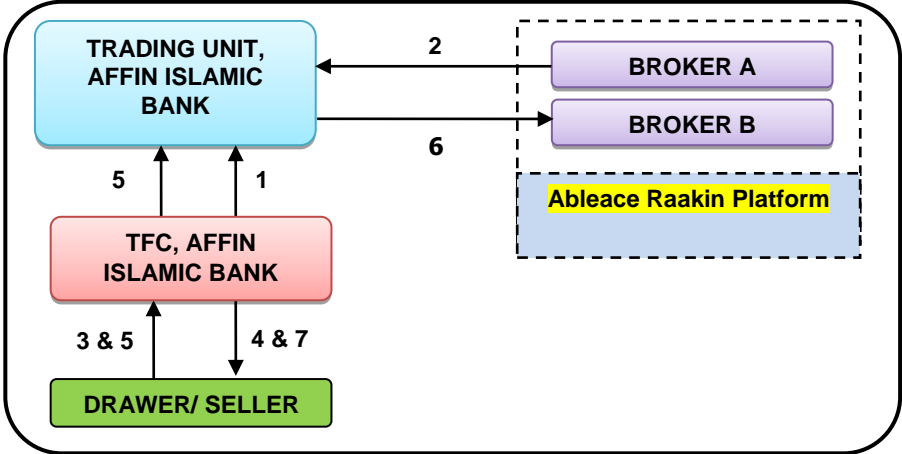
Diagram 1 : Modus Operandi for Bills Negotiation-i

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.

Therefore:

8. Modus Operandi

Steps	Descriptions
1.	Pursuant to the sale contract between the Customer and the Buyer, the Buyer will request for a documentary credit or known as LC-i from the LC-i Issuing Bank in favor of the Customer.
2.	Subsequently, the Issuing Bank will issue the LC-i in favor of the Customer through an Advising Bank (the Bank) in the Customer's country.
3.	The Bank then, advise the LC-i to the Customer.
4.	Once LC-i is received by the Customer, he arranges for the shipment of the merchandises directly to the Buyer.
5.	Upon shipment, the Customer obtains the transport documents which will be presented to the Bank along with other documents stipulated in the LC-i, e.g. Invoices, bill of exchange, packing list, certificate of origin, Takaful documents and etc.
6.	In addition to the above, regardless of whether the BN-i is against the Bank's limit or under the Customer's limit, the Customer is required to furnish the following standardized documents to Trade Finance Centre (TFC) of Affin Bank: (i) Negotiation / Collection Form (ii) Letter of Agency (iii) Other relevant documents
7.	Upon completion of documents stated as above, Bank then prepares for the execution of commodity trading transaction of Bay' Al-Dayn bi Al-Sila'. The trading operandi is illustrated as per Subsection 3.2.
8.	Bank then remits the export documents to Issuing Bank.
9.	Issuing Bank then remits proceeds to TFC, Affin Islamic Bank and will be used to fully settle customer's financing account. For sight bill, the payment will be remitted immediately while for usance bill, payment is made upon maturity date.

<p>9.</p>	<p>Trading Operandi for Bay' Al-Dayn bi Al-Sila'</p>	<div style="text-align: center;">  </div> <table border="1" data-bbox="586 772 1495 1528"> <thead> <tr> <th>Steps</th> <th>Descriptions</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Upon obtaining the relevant documents from the Customer, the Bank then shall check on the instruction and ensure that all documents are in order. If they are in order, TFC shall proceed to instruct the Trading Unit to perform the commodity trading by submitting the following documents to the Trading Unit :- (i) Purchase Requisition Form (ii) Letter of Agency</td> </tr> <tr> <td>2.</td> <td>Trading Unit shall purchase the commodity from Broker A (Supplier) at the Bank's Purchase Price (BPP).</td> </tr> <tr> <td>3.</td> <td>Bank purchases the customer's debt at the Bank's Purchase Price.</td> </tr> <tr> <td>4.</td> <td>Bank then pays Customer in the form of commodity.</td> </tr> <tr> <td>5.</td> <td>Subsequently, the Customer will appoint the Bank as an agent to sell the commodity to another broker. Immediately, upon conclusion of the akad with the Customer, a copy of e-certificate generated from the Ableace Raakin platform will be submitted to TFC.</td> </tr> <tr> <td>6.</td> <td>Bank then sells the commodity to Broker B via Ableace Raakin system.</td> </tr> <tr> <td>7.</td> <td>Upon receipt of the e-certificate and confirmation of the akad (via e-mail), TFC will proceed with disbursement to the Customer's account. Letter of confirmation on the commodity trading transactions will be couriered by Trading Unit to the Customer.</td> </tr> </tbody> </table>	Steps	Descriptions	1.	Upon obtaining the relevant documents from the Customer, the Bank then shall check on the instruction and ensure that all documents are in order. If they are in order, TFC shall proceed to instruct the Trading Unit to perform the commodity trading by submitting the following documents to the Trading Unit :- (i) Purchase Requisition Form (ii) Letter of Agency	2.	Trading Unit shall purchase the commodity from Broker A (Supplier) at the Bank's Purchase Price (BPP).	3.	Bank purchases the customer's debt at the Bank's Purchase Price.	4.	Bank then pays Customer in the form of commodity.	5.	Subsequently, the Customer will appoint the Bank as an agent to sell the commodity to another broker. Immediately, upon conclusion of the akad with the Customer, a copy of e-certificate generated from the Ableace Raakin platform will be submitted to TFC.	6.	Bank then sells the commodity to Broker B via Ableace Raakin system.	7.	Upon receipt of the e-certificate and confirmation of the akad (via e-mail), TFC will proceed with disbursement to the Customer's account. Letter of confirmation on the commodity trading transactions will be couriered by Trading Unit to the Customer.
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<p>10.</p>	<p>Trade Line</p>	<p>Customer is required to have an existing or pre-approved trade line with the Bank prior to the utilization of Bills Purchased-i.</p>																
<p>11.</p>	<p>Financing Limit</p>	<p>Subject to the Bank's prevailing credit policy and credit approval.</p>																
<p>12.</p>	<p>Financing Tenor</p>	<p>a) <u>Sight Bills</u> Maximum of 30 days</p> <p>b) <u>Usance Bills</u> Based on maturity date with maximum up to 180 days</p>																

13.	Transit Period	<p>a) <u>Sight Bills</u> 30 days</p> <p>b) <u>Usance Bills</u> 7 days from the maturity date of the bill</p>
14.	Pricing	<ul style="list-style-type: none"> • <u>For foreign bill:</u> Foreign Center Rate. • <u>For local bill:</u> Base Financing Rate *(BFR) + Margin. The profit charged shall be fixed throughout the financing period. <p><i>*Note: BFR is subject to change from time to time and the current BFR is at 6.81% p.a.</i></p>
15.	Commission	<p>0.1% flat with minimum at RM 10.00 and subject to :-</p> <ul style="list-style-type: none"> • Foreign Bill : Maximum at RM 100 • Domestic Bill : Maximum at RM 500
16.	Payment Type	<ul style="list-style-type: none"> • Letter of Credit-i is payable on demand. • Total amount payable to the Bank is inclusive fees and charges.
17.	Takaful Coverage	As per the Bank's credit policy.
18.	Bank's Purchase Price (BPP)	$BPP = FV \left[1 - \frac{(r \times t)}{36,500} \right]$ <p>BPP = Sale proceeds FV = Face or maturity value r = Profit rate t = Period of financing(Usance) /Standard Transit Period (Sight)</p>
19.	Fees and charges	<ul style="list-style-type: none"> • *Brokerage Fee on pro-rate basis to be imposed (brokerage fee imposed by broker). <ul style="list-style-type: none"> ✓ For SME customers, the brokerage fee shall be at RM 5.00 per RM1.0 million transactions. ✓ For corporate customers, the brokerage fee shall be at RM10.00 per RM1.0 million transactions. • Other fees and charges will be as per existing Bank's standard fees and charges tariff. <p><i>*Note:</i> - Brokerage Fee is subject to change from time to time as quoted by the commodity provider</p>
20.	Documentation	<p>The Bank will adopt standardized documents for this products, as follows:</p> <ol style="list-style-type: none"> 1. Letter of Offer 2. Trade Finance Facility Agreement <ul style="list-style-type: none"> • Agency Letter (transactional document)

21.	Facility Code	<table border="1"> <thead> <tr> <th>Facility Code</th> <th>Facility Type</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>831</td> <td>DBN-i (S)</td> <td>Domestic Bill Negotiation-i (Sight)</td> </tr> <tr> <td>833</td> <td>DBN-i (U)</td> <td>Domestic Bill Negotiation-i (Usance)</td> </tr> <tr> <td>835</td> <td>FBN-i (S)</td> <td>Foreign Bill Negotiation-i (Sight)</td> </tr> <tr> <td>837</td> <td>FBN-i (U)</td> <td>Foreign Bill Negotiation-i (Usance)</td> </tr> <tr> <td>838</td> <td>DBN-i-S-(D)</td> <td>Domestic Bill Negotiation-i (Sight) (Discrepant)</td> </tr> <tr> <td>839</td> <td>DBN-i-U-(D)</td> <td>Domestic Bill Negotiation-i (Usance) (Discrepant)</td> </tr> <tr> <td>840</td> <td>FBN-i-S- (D)</td> <td>Foreign Bill Negotiation-i (Sight) (Discrepant)</td> </tr> <tr> <td>841</td> <td>FBN-i-U-(D)</td> <td>Foreign Bill Negotiation-i (Usance) (Discrepant)</td> </tr> </tbody> </table>	Facility Code	Facility Type	Description	831	DBN-i (S)	Domestic Bill Negotiation-i (Sight)	833	DBN-i (U)	Domestic Bill Negotiation-i (Usance)	835	FBN-i (S)	Foreign Bill Negotiation-i (Sight)	837	FBN-i (U)	Foreign Bill Negotiation-i (Usance)	838	DBN-i-S-(D)	Domestic Bill Negotiation-i (Sight) (Discrepant)	839	DBN-i-U-(D)	Domestic Bill Negotiation-i (Usance) (Discrepant)	840	FBN-i-S- (D)	Foreign Bill Negotiation-i (Sight) (Discrepant)	841	FBN-i-U-(D)	Foreign Bill Negotiation-i (Usance) (Discrepant)
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23.	Reference	Product Manual Bills Negotiation-i																											
24.	Other salient features	Other salient features of Bills Negotiation-i shall refer to product manual of Bills Negotiation-i.																											

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