

NO.	ITEM	INFORMATION
1.	Product Name	Letter of Credit-i (LC-i)
2.	Type of Facility	Trade Bills-i Facility
3.	Purpose	<p>As a mode of payment to purchase/import of goods such as:</p> <ul style="list-style-type: none"> • Raw Materials • Stock and Inventories • Intermediate goods
4.	What is LC-i?	<p>Letter of Credit-i (LC-i) is a written undertaking by a bank, given to a seller (the beneficiary) at the request and on the instructions of the buyer (the applicant), to pay at sight or at a determinable future date up to a stated sum of money within a prescribed time limit and against stipulated documents which are in compliance with the terms and conditions of the LC-i. LC-i issuance and amendments are governed by the Uniform Customs and Practice (UCP) for Documentary Credits and Uniform Rules for Bank to Bank Reimbursement (URR) (published by International Chamber of Commerce).</p> <p>There are two types of LC-i offered by the Bank based on different Shariah concept:-</p> <p>(a) Wakalah Letter of Credit-i</p> <p>LC-i without financing. LC-i is fully cash backed and upon payment the Bank will set-off the deposit place by customer during issuance of LC-i.</p> <p>(b) Murabahah Letter of Credit-i</p> <p>LC-i with and without financing. Upon payment of LC-i, customer has the option either to request for financing (Trust Receipt-i (TR-i) / Accepted Bills-i (AB-i)) or utilize their own funds to effect payment</p>

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5.	Shariah Concept	<p><u>Wakalah</u></p> <ul style="list-style-type: none"> Refers to a contract where a party, as principal (<i>muwakkil</i>) authorizes another party as his agent (<i>wakil</i>) to perform a particular task on matters that may be delegated, with or without imposition of a fee (<i>BNM's Wakalah Policy Document dated 24th June 2016</i>). For Wakalah LC-i, the Customer appointed the Bank as an agent to arrange payment of LC-i with imposition of a fee i.e. LC-i commission. <p><u>Murabahah</u></p> <ul style="list-style-type: none"> Refers to sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser (<i>BNM's Policy Document of Murabahah</i>). For Murabahah LC-i in summary:- <ol style="list-style-type: none"> Customer acts as 'purchasing agent' for the Bank. Bank pays for and sells them at cost plus profit to customer. 'Mark Up' (profit) amount must be agreed. Cost must be revealed In structuring Murabahah LC-i, the Bank adopts Murabahah to Purchase Orderer (MPO) that is refers to an arrangement whereby the purchase orderer (the Customer) promise (Wa'd) to purchase an identified asset from a seller (the Bank) on Murabahah terms upon the seller's acquisition of the asset.

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6.	Modus Operandi	<p><u>Wakalah LC-i</u></p> <ol style="list-style-type: none"> 1. Under the Shariah concept of <i>Wakalah</i>, the Bank acts as the agent of the Customer to purchase from Customer's Seller (exporter/beneficiary). 2. Based on Customer's requirement, an LC-i facility is granted to the Customer (applicant). 3. The Bank requires the Customer to ensure sufficient funds are available in their Current Account-i (CA-i) for collection of marginal deposit equivalent to the amount of LC-i to be issued. 4. (a) As requested by the Customer, the Bank issues the LC-i in favour of Beneficiary through the Advising Bank by SWIFT/telex/mail. The Bank charges the customer fees/commission for its services under the principle of <i>Ujrah</i> and collect the marginal deposit. (b) The Advising Bank then advises the LC-i to the Beneficiary. 5. Upon receipt of LC-i, the Beneficiary ships/dispatches the goods to the Customer. 6. The Beneficiary prepares the required documents as per terms and conditions stipulated under LC-i and presents to Negotiating/ Presenting Bank for payment/ negotiation. 7. Negotiating/ Presenting Bank forwards all documents received from the Beneficiary to the Issuing Bank to claim for payment. 8. Upon receipt of documents in compliance with the terms and conditions stipulated under LC-i, the Issuing Bank will proceed to effect payment to the Negotiating/ Presenting Bank by off-setting Customer's marginal deposit held. 9. Issuing Bank releases the shipping documents to the Customer.

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		<p><u>Murabahah LC-i</u></p> <ol style="list-style-type: none"> 1. By accepting the Letter of Offer (LO), the customer (applicant) has agreed to request Bank (Affin Islamic) to purchase from time to time (Purchase Requisition) the goods from the respective Beneficiary (seller) and irrevocably and unconditionally undertake to purchase (Undertaking to Purchase) the same goods from the Bank. Following the Purchase Requisition, the Bank appoints the Customer (applicant) as Bank's agent to buy goods from Beneficiary. 2. Based on arrangement between the Customer (Bank's agent) and the Beneficiary, an LC-i facility is granted to the Customer (applicant). 3. (a) The Bank issues the LC-i in favour of Beneficiary through the Advising Bank by SWIFT/telex/mail. The Bank charges the Customer fee/commission under the <i>Hamish Jiddiyyah</i> concept to secure undertaking (<i>Wa'd</i>) made by the Customer to purchase the goods from the Bank. (b) The Advising Bank then advises the LC-i to the Beneficiary. 4. Upon receipt of LC-i, the Beneficiary ships/dispatches the goods to the Customer. 5. The Beneficiary prepares the required documents as per terms and conditions stipulated under LC-i and presents to Negotiating/ Presenting Bank for payment/ negotiation. 6. Negotiating/ Presenting Bank forwards all documents received from the Beneficiary to the Issuing Bank (Affin Islamic) to claim for payment 7. Upon receipt of documents in compliance with the terms and conditions stipulated under LC-i, the Issuing Bank will proceed to effect payment to the Negotiating/ Presenting Bank. 8. Under the Murabahah (cost plus mark-up), the Bank sell the goods to the Customer based on customer decision as below: <ol style="list-style-type: none"> (a) on the spot via cash/account debiting etc. (b) creation of TR-i/ AB-i 9. Issuing Bank releases the shipping documents to the Customer.

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		No.	Type of Commission	Rate of Commission
7.	Commission	1.	Issuance of LC-i	0.1 % per month or part of month thereof; Minimum RM50.00 (non-SMEs)/ RM100.00 (SMEs)
		2.	Amendment <ul style="list-style-type: none"> • Increase Amount • Extension of Tenure 	0.1 % per month or part of month thereof on the increased amount/ extension of validity period; Minimum RM50.00.
		3.	Amendment (Others)	RM50.00 flat.
		4.	Cancelation of LC-i	<p>(a) <u>Wakalah LC-i</u></p> <ul style="list-style-type: none"> • No charges impose, however no refund of commission paid by customer. <p>(b) <u>Murabahah LC-i</u></p> <ul style="list-style-type: none"> • Subject to actual cost amounted to RM550 or full Hamish Jiddiyah amount, whichever is lower. • Actual cost is to be set-off against Hamish Jiddiyah paid and the Bank is to refund the remaining amount to the customer, if any. • No refund of Hamish Jiddiyah paid by customer for partial cancellation.
8.	Payment	<ul style="list-style-type: none"> • Letter of Credit-i is payable on demand. • Total amount payable to the Bank is inclusive the fees and charges 		

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9.	Fees and charges	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">No.</th> <th style="text-align: center;">Type of Commission</th> <th style="text-align: center;">Charges Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td> <u>Stamp Duty</u> <ul style="list-style-type: none"> • Documentary Credit Application • Application for amendment of the Documentary Credit </td> <td> <ul style="list-style-type: none"> • RM10.00 (nominal) </td> </tr> <tr> <td style="text-align: center;">2.</td> <td style="text-align: center;">Other Charges</td> <td style="text-align: center;">In accordance to the Bank's Standard Tariff of Charges</td> </tr> </tbody> </table>	No.	Type of Commission	Charges Amount	1.	<u>Stamp Duty</u> <ul style="list-style-type: none"> • Documentary Credit Application • Application for amendment of the Documentary Credit 	<ul style="list-style-type: none"> • RM10.00 (nominal) 	2.	Other Charges	In accordance to the Bank's Standard Tariff of Charges
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10.	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>									
11.	Documentation	<ul style="list-style-type: none"> • <u>Facility Level</u> <ul style="list-style-type: none"> ○ Letter of Offer ○ Standardized Tradeline-i Facility Agreement • <u>Transactional Level</u> <ul style="list-style-type: none"> ○ Documentary Credit-i Application ○ Letter of Authority for Murabahah Financing ○ Contract Note for Murabahah Financing ○ Letter of Hypothecation ○ Bill of Exchange ○ Application for Amendment to the Documentary Credit 									

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