

## PRODUCT DISCLOSURE SHEET (PDS) /

Please read this PDS with the terms stated in the Letter of Offer before you decide to take up the Bank Guarantee-*i Wakalah* (BG-*i Wakalah*) with Al Rajhi Banking & Investment Corporation (Malaysia) Bhd ("Bank"). Seek clarification from your institution if you do not understand any part of this document or the general terms.

## AL RAJHI BANK

### Bank Guarantee-*i Wakalah* (BG-*i Wakalah*)

This PDS is dated:

.....  
(Date issued to customer)

### 1. What is this product about?

- A BG-*i* is a payment guarantee by the Bank (as agent of the customer) in writing at the request of the customer (applicant) to pay the stated sum of money to the beneficiary upon presentation of a written demand.
- BG-*i* serves as a payment guarantee by the Bank who agrees in managing the financial obligation of the customer in connection with contracts entered between the customer (applicant) with the beneficiary.
- BG-*i* can be offered by the Bank on an unsecured basis, partially secured or fully secured arrangement subject to the Bank's credit approval.

### 2. What is the applicable Shariah concept?

The Shariah contract applicable is *Wakalah* (Agency), a contract where the Bank will be appointed as an Agent (*Wakeel*) to make payments under the BG-*i* and will only act to pay the beneficiary on behalf of the customer when there is a written demand and there is a need for the Bank to make such payments based on the arrangements with the customer (applicant).

Based on the agency for payment arrangement, the Bank will first debit your account to pay the beneficiary upon the BG-*i* call/demand. If the amount in your account is insufficient, the Bank will seek funding based on treasury arrangement (e.g. interbank funding) on behalf of the customer to pay the beneficiary upon the BG-*i* call/demand. Should this arrangement be performed by the Bank, the customer will need to incur any actual cost incurred from the interbank profit computation as advised by the Bank.

Refer to the illustration below:

The Bank issues BG for Company A at RM5 million with unsecured arrangement. At the point of claim, the beneficiary will demand for the RM5 million as per the guarantee amount.

As per additional wakalah role performed by the Bank, Treasury will fund RM5 million from interbank funding arrangement for payment arrangement to the beneficiary at interbank profit rate, i.e. 2% p.a. The Bank will notify customer that payment to the beneficiary has been made together with daily actual cost to be borne by the customer. Daily actual cost from interbank funding arrangement is to be calculated as below:

$$2\% \times RM5m \times 1/365 = RM273.97 \text{ per day}$$

If the customer make the payment on 3<sup>rd</sup> day, the customer would be required to pay RMRM5,000,821.91, (RM273.97 x 3 days).

*Please note that it is for the purpose of illustration only and the rate is subject to changes as per prevailing market rate. Please liaise with your Relationship Manager if you need any other banking arrangement.*

Alternatively, the Bank may offer or extend financing facility to the customer via Trade Commodity Financing-*i* (TCF-*i*) or Structured Commodity Financing-*i* (SCF-*i*) for utilisation for the Bank to honour the BG claim).

### 3. What do I get from this product?

BG-*i* allows you to participate in Shariah-compliant business activities where your counterpart requires such guarantee. Below are the benefits of the product:

- ✓ Assurance/certainty of payment to your business counterpart who requires a payment guarantee;
- ✓ Payment guarantees for any Shariah-compliant business trade either local or internationally; and
- ✓ The possibility to negotiate better terms and conditions of the trade agreement.

### 4. What are my obligations?

To fulfil your obligations as per the terms and conditions in the Application Form for the BG-*i*. Few key terms and conditions that you need to know are as per the following:

- The customer (applicant) must ensure that all information or report in writing that is furnished to the Bank does not contain any untrue statement or any misstatement of fact, and fully disclose in writing to the Bank all material facts in the context of the BG-*i* and its documents;
- The customer (applicant) authorizes the Bank to debit the account which the customer maintains with the Bank to effect payment any amount of liabilities and any amount equivalent to the non-refundable pricing, fees and charges (including taxes) in relation to BG-*i* transaction;
- The customer (applicant) authorizes the Bank to source for funds from treasury arrangement on behalf of the customer for purposes of making settlement to the claim by the beneficiary
- The Bank shall at all times be entitled to make any payment under the BG-*i* for which a demand has been made without further investigation or enquiry and need not concern itself with the propriety of any claim made by the customer or any other third party;
- Upon expiry of the BG-*i* and until such time the Bank is satisfied that there will be no further claims arising under or in connection with the BG-*i*, the Bank shall refund to the customer (applicant) the BG-*i* equivalent amount less any payment made or to be made by the Bank pursuant to any claim arising under or in connection with the BG-*i*;
- Even though the BG-*i* has expired, the Bank shall not be required to make the payment to the customer (applicant) until the original BG-*i* is returned to the Bank for cancellation; or written confirmation from the beneficiary of the BG-*i* that the Bank is no longer liable under the BG-*i*.
- For every utilisation of BG-*i*, you will have to pay all related pricing, fees and charges upfront.

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

Pricing and/or Fees and Charges	Rate
<b>Handling Fee</b> (Issuance Commission)	0.15% per month (1.8% per annum) on the guaranteed amount, subject to a minimum of RM100.00 per BG-i issued.
<b>Amendment Fee</b>	
<ul style="list-style-type: none"> <li>Related to extension of period or increase in amount.</li> </ul>	0.15% per month (1.8% per annum) on the guaranteed amount, for the additional guarantee period or additional guarantee amount, subject to a minimum of RM 100.00 per BG-i issued.
<ul style="list-style-type: none"> <li>Other amendment not related to extension of period or increase in amount i.e. revision of clause or change in beneficiary.</li> </ul>	RM 100.00
*(Note: The above referred amounts are deemed pricing and not fees and charges.)	

## 6. In addition to the fees, what other charges do I have to pay?

For the avoidance of doubt, you shall bear all professional fees, taxes (including but not limited to sales and service tax (SST)), and out-of-pocket expenses incurred and any other fees, expenses or recourse in respect of this product.

<b>Stamp Duties</b>	As per Stamp Duty Act 1949 (revised 1989)
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Please request the Bank's Standard Charges on Trade Finance products and Services from your Relationship Manager or retrieve it from Al Rajhi Banking & Investment Corporation (Malaysia) Bhd website at <https://www.alrajhibank.com.my>.

## 7. What if I fail to fulfil my obligations?

- The Bank has the right at any time without notice, to debit your account with the Bank towards payment of the BG-i and any other charges and/or fees incurred in the settling the payment, legal costs incurred in relation to enforcement of recovery cost and any other cost or expenses incidental thereto. All legal costs related to the recovery action shall be borne by you;
- If you do not maintain sufficient funds in your account for the BG-i claim settlement, you have the option to utilise existing financing facility with the Bank (for the financing facility applicable only). Please contact your Relationship Manager for financing arrangement and disbursement.
- Any legal action against you will affect future utilisation of other banking facilities with the Bank.

## 8. What do I need to do if there are changes to my contact details?

- It is important that you inform the Bank of any change in your contact details to ensure that all correspondences reach you in a timely manner.
- You may inform the Bank of such changes via various channels of communication such as email, visit branches or call centre at +603 2332 6000.

## 10. Where can I get assistance and redress?

If you have any enquiries or wish to complaint on the products or services provided by us, you may contact us at:

**Address** : Al Rajhi Bank Customer Care Consultant  
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd  
Ground Floor, East Block Wisma Golden Eagle Realty,  
142-B Jalan Ampang, 50450 Kuala Lumpur

**Tel** : +603 2332 6000 (Domestic)  
: +603 2332 9000 (International)

**Fax** : +603-23326062

**Email** : customersupport@alrajhibank.com.my

If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:

**Address** : Block D, Bank Negara Malaysia  
Jalan Dato' Onn, 50480 Kuala Lumpur

**Tel** : 1-300-88-5465

**Fax** : +603-21741515

**Email** : bnmtelink@bnm.gov.my

## 11. Other trade products available for SME customers?

- Letter of Credit-*i*
- Shipping Guarantee-*i*
- Trade Commodity Financing-*i*
- BG-*i* Backed by Cash Margin

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU FAIL TO SERVICE PAYMENT DUE FROM YOU TO THE BANK (PRICING, FEES AND CHARGES) FOR THE FACILITY ON REGULAR BASIS**

*The information provided in this product disclosure sheet is valid as at 18/4/2023.*