



PRODUCT DISCLOSURE SHEET (PDS)

(Read this Product Disclosure Sheet before you decide to take-up the Letter of Credit (LC-i). Seek clarification from your institution if you do not understand any part of this document or the general terms).

AL RAJHI BANK BHD

LETTER OF CREDIT – i (LC – i)

This PDS is dated:

.....

(Date issued to customer)

1. What is this product about?

A Documentary Credit or Letter of Credit-i (LC-i) is a document/written undertaking given by the issuing bank to a beneficiary/seller at the request of the applicant/buyer to pay a stated sum of money against stipulated documents. LC-i is to be fully secured by way of marginal (cash) deposit, earmarking of Current Account-i/ Current Account or Term Deposit-i/Fixed Deposit.

2. What is the Shariah concept applicable

LC-i falls under a service and applies Shariah principle of Wakalah bil Ujrah (agency with service fee). Under this concept, the Bank acts as the Agent of the customer. Four principles of Wakalah are Agent (“the Bank”), Principle / Buyer (“the Customer”), Object been transacted and Offer and Acceptance.

3. What do I get from this product?

The Bank issues the LC-i and pays the proceeds to the negotiating Bank using your deposits placed with the Bank and subsequently releases the documents to you.

Letter of Credit-i (Payable on demand)	
Amount Limit	: RM _____
Commission Rate for Letter of Credit-i : _____ % per month	

4. What are my obligations?

The Customer may require submitting a list of local suppliers to the Bank for approval for local purchase. The approved suppliers' list may be reviewed by the Bank and is subject to change from time to time.

Adhere to terms and conditions governing Islamic trade credit facilities granted by Al Rajhi Banking & Investment Corporation (Malaysia) Bhd as defined in the letter of offer, general standard terms and conditions governing facilities or application forms.



5. 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.

Service Types	Charges (RM)
LC Issuance Foreign/ Local - Handling Fee (Checking Fee)	0.1% per month (1.2% per annum) on the guaranteed amount
LC Discrepancy Charges	Foreign LC – USD75 Local LC – RM100
Other Amendment	RM100.00
Export LC Advising - Advising Handling Fee Foreign Local	RM150.00
Checking Documents	RM25 (The Bank has a discretion to give rebate)
Acceptance Commission for Usance LC*	0.1% per month or part thereof based on the value of the Usance LC or minimum RM100.

*(Note: Acceptance Commission is classified as pricing of the product and does not fall within fees and charges.)

Please request from your Relationship Manager for the Bank's Standard Charges on Islamic Trade Finance products and Services or retrieve it from Al Rajhi Banking & Investment Corporation (Malaysia) Bhd website at <https://www.alrajhibank.com.my>. If there are any changes in fees and charges that are applicable to your financing facility, the Bank will notify you at least twenty one (21) calendar days prior to the effective date of implementation.

6. What are the cut-offs times to observe LC-i?

Descriptions	Cut-off times
LC-i Issuance	
LCC-i Payment (RENTAS)	
LC-i Payment (Non-RENTAS) (as per BNM Foreign Exchange Notices (FE Notices) rules. For details, please refer to Trade Fees & Charges for cut-off time)	

7. What if I fail to fulfil my obligations?



The Bank may charge Ta'widh (compensation) if you fail to make payment due to the Banks, as follows:

- a) For any failure on your part to pay any amount overdue and which failure continues beyond the tenure of the LC-i or after judgment is obtained against you (whichever is earlier), at such rate per annum as determined by the Bank from time to time provided that the applicable compensation rate shall not at any time exceed the prevailing Bank Negara Malaysia's (BNM) Islamic Interbank Money Market Rate (IIMM) on the total outstanding balance of the LC-i calculated on daily rest basis; and
- b) The amount of such compensation shall not be compounded ;or
- c) By any other method approved by the Shariah Advisory Council of Bank Negara Malaysia (BNM);
- d) The Bank has the right at any time without notice to you to debit your current/savings account with us towards payment of the monthly payment of the financing and any other charges and/or fees incurred in the granting of the financing including Takaful contribution, quit rent, assessment, cost of an updated/revised valuation reports, fees for searches, legal fees for preparation and perfection of security documents by Bank's solicitors, legal costs incurred in relation to enforcement of security/recovery cost and any other cost or expenses incidental thereto. If the financing tenure extends into retirement, you are to advise us on your plans to service the monthly payment after your retirement;
- e) Legal action will be taken if you fail to respond to reminder notices. Your property may be foreclosed and you will have to bear all legal costs. You are also responsible to settle any shortfall after your property is sold. Legal action against you may affect your credit rating leading to financing being more difficult or expensive to you.

8. What are the major risks?

Where the shipping documents contain discrepancies, Bank may refuse to honour or negotiate the documents.

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

- It is important that you inform the Bank of any changes in your contact details to ensure that all correspondences reach you in a timely manner.
- You may inform the Bank such changes via various channels of communication such as the website, branches or call centre at 1-300-82-6000.

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:

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 : 1-300-82-6000
: +603 2332 6000 (Domestic)
: +603 2332 9000 (International)
Fax : +603-23326062
E-mail : 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:

Block D, Bank Negara Malaysia
Jalan Dato' Onn, 50480 Kuala Lumpur.
Tel : 1-300-88-5465
Fax : +603-21741515
E-mail : bnmtelelink@bnm.gov.my

11. Other Trade service facilities available?

- Outward Bills for Collection-*i*
- Shipping Guarantee-*i*
- Bank Guarantee-*i*
- Trade Commodity Financing-*i*