

## PRODUCT DISCLOSURE SHEET

Dear Customer,

Please read and understand this Product Disclosure Sheet ("PDS") together with the general terms and conditions before you decide to apply or accept the offer of this Product.

Kindly seek clarification from Agrobank ('Bank') if you do not understand any parts of this document or the general terms and conditions.



Date: \_\_\_\_\_

### 1. What is **Letter of Credit-(LC-i)**?

- **LC-i** is a written undertaking issued by the Issuing Bank to the Seller (beneficiary) at the request of the Customer/Buyer (applicant) to pay a sum of money in consideration of the documents submitted to the Bank as stated in the LC-i in accordance with the compliance of the terms and conditions and within the prescribed period.
- It is governed by International Chamber of Commerce (ICC) under Uniform Custom and Practice for Documentary Credits (UCP 600)
- Types of LC-i:

<i>Sight LC-i</i>	<i>Usance LC-i</i>
This type of LC-i is when the terms of payment is at sight. Under this LC-i, the Issuing Bank will make payment to the Nominated Bank upon receiving the requested documents in compliance with the terms and conditions set out in the LC-i.	This LC-i has credit terms that is a stipulated timeframe given to make payment as agreed by both parties. After receiving the documents which are in compliance with the terms and conditions set out in the LC-i, the Issuing Bank will confirm receipt forward to applicant upon his acceptance thereof agree to make payment to the Nominated Bank on the agreed maturity date.

### Applicable Shariah concept

<u>Wakalah</u>	<u>Murabahah</u>
Agency contract where one party gives another party a mandate to act as his representative/ agent to perform a particular task. This concept is applicable if payment of the LC-i uses Customer's own funds.	A sale and purchase transaction where the cost and profit margin are made known to the Buyer (cost + profit). This concept is applicable if payment of the LC-i uses financing funds for the purpose of working capital financing.

### 2. Know Your Obligations

For this guarantee, **as an illustration:**

- Your LC-i value: **RM500,000.00**
- Your LC-i period: **3 months**
- Commission rate: **0.1% per month**

**In total you will pay RM1,500.00 as a commission fee** for LC-i period of 3 months.

#### **Note:**

**For LC-i,**

#### **a) Value of LC-i:**

Issuance of LC-i will be subject to a contract of sale / pro-forma invoice / purchase order and shall not exceed the facility limit.

#### **b) Expiry Date:**

Each LC-i shall have a predetermined expiry date as agreed by the seller and buyer.

#### **c) Issuance of the LC-i:**

LC-i can be issued for all transactions involving goods or services that are Shariah compliant either as Sight LC-i and/or Usance LC-i.

### It is your responsibility to:



Read and understand the **key terms** in the **contract** before you sign it.



Pay all fees and charges related your LC-i in full and on time payment stipulated in the contract.



**Contact us immediately** if you are unable to pay your financing obligation.

### You have to pay the following fees and charges:

#### a) Commission

<b>Issuance LC-i</b>	<ul style="list-style-type: none"><li>• 0.1% per month or part thereof LC-i value.</li><li>• Minimum : RM50 or as per the Letter of Offer.</li></ul>	<b>Negotiation of LC-i</b>	<ul style="list-style-type: none"><li>• 0.1% (flat) on negotiated value</li><li>• Minimum: RM50</li><li>• Maximum: RM500 (foreign) RM750 (local)</li></ul>
<b>Usance LC-i</b>	Acceptance commission of 0.1% per month or part thereof of the acceptance amount from the acceptance date until maturity date.	<b>Negotiation of LC-i expired</b>	0.1% of the negotiated amount in Ringgit Malaysia (RM) equivalent per month or part thereof commencing from the expiry date until the negotiation date.
<b>Advising of LC-i</b>	<ul style="list-style-type: none"><li>• RM50 (flat) for Customer</li><li>• RM100 (flat) for Non-Customer</li></ul>	<b>Confirmation of LC-i</b>	As quoted by the Bank on case-to-case basis.
<b>LC-i transfer</b>	<ul style="list-style-type: none"><li>• 0.20% (flat) on transferred amount for full transfer/partial transfer/amendment (increase in amount or extension of expiry date).</li><li>• Minimum: RM200</li><li>• Other amendments: RM100(flat).</li></ul>	<b>Cancellation of LC-i</b>	<ul style="list-style-type: none"><li>• No charges imposed. However, no refund of charges paid by Customer.</li><li>• Normal charge for SWIFT/cable for each cancellation message sent.</li></ul>

<b>Amendment</b>	<b>Increase amount</b>	- 0.1% per month or part thereof on the increased amount. - Minimum: RM50 or as stated in the Letter of Offer.		
	<b>Reduce amount</b>	RM50 (flat).		
	<b>Extension of the expiry date</b>	- 0.1% per month or part thereof on the extension of validity period. - Minimum: RM50 or as stated in the Letter of Offer.		
	<b>Other amendments</b>	RM30 (flat) per request.		
<b>Discrepancy fee</b>	• Local LC-i: RM50 per transaction. • Foreign LC-i: USD25 or RM equivalent per transaction.	<b>Endorsement of Documents</b>	<b>Advance Set (Bill of Lading)</b>	- RM100 (flat) - RM10 (Indemnity Letter)
			<b>Airway Bill</b>	- RM50 (flat) - RM10 (Indemnity Letter)
			<b>Endorsement of Full set of Documents</b>	- RM50 (flat)

b) **Charges**

<b>Stamp Duty</b>	• LC-i application: Exempted • Original LC-i: Exempted • Letter of Indemnity: RM10	<b>SWIFT</b>	• Issuance LC-i: RM50 (Local & Foreign) • Amendment to the LC-i or others : RM30
<b>Postage</b>	• Local: RM10 • Foreign: RM20	<b>Telephone, cable and Others</b>	Actual cost
<b>Courier</b>	Local & Foreign : Actual Cost (rounded upwards to the nearest Ringgit Malaysia).		

Note: a) All commission and charges paid are non-refundable.

b) Fees and charges are subject to Sales and Services Tax (if any) or any other tax as prescribed by the Government.

3. Know your Risks

**What happens if you ignore your obligations?**

- You will have to pay more in total due to **compensation (Ta'widh)** as per stipulated in Letter of Offer.
- You will be exposed to the risk that the items received are not as required under the sales contracts. However, under the international guidelines on the enforcement of Letters of Credit "Uniform Customs & Practice for Documentary Credits" (UCP 600) or the latest version, it is provided that:
  - The Bank will only deal with the documents and not with items stated in the LC-i.
  - LC-i is a transaction separate from the sales contracts even if the LC-i is issued based on the sales contracts.
- The Bank **reserves the right to take legal action** if the Customer fails to comply with the notice(s) issued by the Bank.
- The Bank **reserves the right to review and terminate** the facility granted to the Customer by giving prior notice to the Customer upon occurrence of any events of default as agreed in the terms and conditions of the facility.
- Other terms and condition as **spelled out** in the Letter of Offer.

If you have any questions or require assistance on your trade financing, you can:



Call  
1-300-88-2476



Visit  
<https://www.agrobank.com.my/product/letter-of-credit-i/>



Email  
[customer@agrobank.com.my](mailto:customer@agrobank.com.my)



Scan the QR code above

**Customer's Acknowledgment\***

Ensure you complete this section yourself and understand what you are signing.

☐

I acknowledge that Agrobank has provided me with a copy of the PDS.

☐

I have read and understood the key information contained in this PDS.

\*A customer's acknowledgement of this PDS shall not prejudice his / her rights to seek redress in the event of subsequent dispute over the product terms and conditions.

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Name:

Date: