

## Product Disclosure Sheet - Business Financing-i (BF-i)

### PRODUCT DISCLOSURE SHEET (PDS)

Please read this Product Disclosure Sheet before you apply and decide to accept the Business Financing-i (BF-i). Be sure to read the terms and conditions in the Letter of Offer. Seek clarification from the Bank if you do not understand any part of this document or the general terms.

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]

Business Financing-i (BF-i)

<DATE>

### 1. What is Business Financing-i facility?

- ✓ BF-i facility is a financing product designed for the Bank's Corporate, Commercial and Small and Medium Enterprise (SME) customers to cater for their requirements for Working Capital and/or capital expenses. This product is offered at fixed or variable rates. For facility with variable rate, the monthly payment may be varied from time to time based on changes to the Bank's base financing rate provided always the total instalment amount shall not exceed the Bank's Sale Price.

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

- ✓ The Shariah concept used is Tawarruq.

A *tawarruq* consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis

#### Tawarruq concept is further described as follows:-

Customer purchases commodity from the Bank on Murabahah basis at the Bank's Sale Price. In this arrangement, the purchase will be performed by the Bank as the Purchase Agent for the customer. As the Sale Agent for the customer, the Bank shall sell the commodity to a commodity purchaser at cost price. Proceeds from the transaction will be credited for the customer's utilization. The customer is obliged to pay the amount due from the Murabahah transaction as per the agreed terms.

"Commodity" means any commodity acceptable to the Bank e.g. palm oil, plastic resin, rubber, cocoa beans, soy beans, timber and metal (excluding gold and silver) traded at any commodity trading platform approved by the Bank. The purchase and sale of the commodity are performed based on the mandate of the customer, where the Bank as Purchase Agent and Sale Agent trades the Commodity as made available and provided by commodity providers subject to the Bank prevailing policies.

- ✓ The product structure for BF-i is as follows:

No	Description
1	Customer obtains financing from the Bank and executes Tawarruq transaction documents.
2	Bank buys commodity from Commodity Supplier.
3	Bank sells commodity to customer on Murabahah at Selling Price. In this arrangement, the purchase will be performed by the Bank as the Purchase Agent for the customer.
4	Acting as Sale Agent, on behalf of the customer to the Commodity Buyer at cost price.
5	The Bank credits Customer's account with proceeds from the sale of commodity

6	The Customer settles the amount due to the Bank (from Murabahah sale) by way of agreed payment terms.
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### 3. What do I get from this product?

✓ The Customer will obtain financing amount required payable within the tenure as approved by the Bank.

Tenure	Minimum : 1 year Maximum : 10 years
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Financing Amount	Minimum : RM5,000.00 Maximum : Subject to Bank's approval
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<p>The sample calculation is illustrated below:</p> <p><b>Example</b></p> <p>Financing Amount : RM500,000.00</p> <p>Bank's Profit rate (Ceiling Rate) : 15%</p> <p>Bank's Effective profit Rate : 6.97% (BFR ± 'Spread')</p>	<p>Tenure : 10 years</p> <p>Installment Amount : RM5,797.70</p> <p>Bank's Sale Price : RM695,724.00</p> <p><i>*BFR is assumed at 5.47% p.a. while spread is at 1.5%</i></p>
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Formula on calculation of profit :

$$\Pi = \frac{P \times r \times t}{N}$$

Π = Profit  
 P = Principal amount  
 r = Effective rate  
 t = number of days  
 N = total number of days in a year

Note:

The above example is only for illustration purpose and may not show the actual financing obligation of each Business Financing-i.

BFR (as at 1 December 2020) is 5.47%.

Please refer to Bank Islam's website at <https://www.bankislam.com/deposit-financing-rates/> for the latest BFR.

#### 4. What are my obligations?

- ✓ The Customer is obliged to pay the installments (monthly, quarterly, half yearly or yearly) as approved by the Bank.

**Example of fixed rates BF-I (based on question 3 above):**

- Your monthly instalment is fixed at RM5,797.70.
- Total payment amount at the end of 10 years is RM695,724.00

**Example of variable rates BF-I (based on question 3 above):**

- If applicable, rebate will be granted to the customer if there is a difference between the Ceiling Rate and the Bank's Effective Profit Rate.
- Important: Your monthly instalment and total payment will vary if the BFR changes. For example:

Profit Rate	Today (BFR = 5.47% p.a.)	If BFR goes up 1%	If BFR goes up 2%
Monthly Instalment	RM5,797.70	RM6,058.46	RM6,325.67
Total profit at the end of 10 years	RM195,724.00	RM227,015.20	RM259,080.40
Total payment amount at the end of 10 years	RM695,724.00	RM727,015.20	RM759,080.40

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

- ✓ Stamp Duty (as per Stamp Duty Act 1949 (Revised 1989)).
- ✓ Legal fee & disbursement including solicitor's fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable).
- ✓ Takaful fee (if applicable).
- ✓ Tawarruq Agency fee of RM50.00 for every Tawarruq transaction. (Cancellation of the facility - you are to pay the Bank all costs (if any) for the preparation and registration of security documents that has been incurred by the Bank in connection with the facility including all expenses incurred during the claim process.
- ✓ Processing fee (only applicable for non SME).

#### 6. What if I fail to fulfill my obligations?

- ✓ Should you fail to fulfill your obligation in a timely manner, the following shall apply:-
  - **Event of Default**
    - a. The Bank may by written notice to you, demand for immediate payment of amount overdue from you and/ or the guarantor;
    - b. The Bank has the right to set off your deposit or any other account(s) maintained with the Bank towards settlement of overdue payment under this facilities granted by the Bank;
    - c. The Bank has the right to take legal action against you if you fail to respond to the reminder and/or demand notices. The Bank shall exercise its right on any security pledged with the Bank and you are to bear all the cost involved. You are also responsible to settle any shortfall. Legal action against you may affect your credit rating leading to any future credit assessment being more difficult or expensive to you; and
    - d. Cross default of other facilities with the Bank may be triggered.
  - **Late Payment**

The Bank shall impose Ta'widh (compensation) against you as follows:-

- a. Before maturity of the facility  
A sum equivalent to one per centum (1%) per annum on overdue installment(s) until date of full payment;
- b. After maturity of the facility  
A sum equivalent to the prevailing daily overnight Islamic Interbank Money Market Rate (IIMM) on outstanding balance i.e. outstanding Sale Price less Ibra' (if any);
- c. Post judgment debt  
A sum equivalent to the prevailing daily overnight Islamic Interbank Money Market Rate on basic judgment sum calculated from judgment date until date of full payment.

Note: The imposition of Ta'widh shall be in such manner as approved by Bank Negara Malaysia from time to time.

## **7. What if I fully settle the financing before its maturity?**

✓ Rebate (Ibra') will be given to you on early settlement or early redemption of the facility.

✓ Rebate (Ibra') Formula

Ibra' /Rebate on early settlement = Deferred Profit

Note:

i. Deferred Profit = Total Contracted Profit – Accrued Profit

ii. Total Contracted Profit = Sale Price – Purchase Price (or Financing Amount)

iii. Accrued Profit is calculated based on Effective Profit Rate of the outstanding Purchase Price(or Financing Amount) being disbursed (or utilized)

iv. The Bank does not impose a lock-in period for this facility and there is no fee imposed for early settlement before maturity.

## **8. Do I need to take up Takaful coverage?**

✓ It is optional, however you or your supplier is advised to subscribe to any appropriate Takaful protection.

## **9. Do I need a guarantor or collateral?**

✓ If you do not meet the minimum credit requirement, Bank Islam may require guarantor(s) or collateral in order for you to proceed with the submission.

## **10. What are the major risks?**

✓ The Bank's Effective Profit rates offered may fluctuate during the tenure of the financing for facility with variable rate. An increase in base financing rate may result in higher monthly payment. However, the Bank's Effective Profit rate should not exceed the Ceiling Rate.

## **11. What do I need to do if there are changes to my contact detail?**

✓ It is important for you to immediately inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner.

## **12. Where can I get assistance and redress?**

- ✓ If you have difficulties in servicing the payments, you should contact us earliest possible to discuss the payment options. You may contact us at:

**Group Institutional Banking**

**Bank Islam Malaysia Berhad**

23<sup>th</sup> Floor, Menara Bank Islam

No 27, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: *(to be filled by our RM's)*

Tel: *(to be filled by our RM's)*

Fax: 03-2726 7818

Email: *(to be filled by our RM's)*

Or

**SME Banking**

**Bank Islam Malaysia Berhad**

29th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Email: [sme-assist@bankislam.com.my](mailto:sme-assist@bankislam.com.my)

- ✓ If you wish to complaint on the products or services provided by us, you may contact us at:

**Contact Centre & Customer Care**

**Bank Islam Malaysia Berhad**

17th Floor, Menara Bank Islam,

No. 22, Jalan Perak,

50450 Kuala Lumpur.

Tel: 03-26 900 900

Email: [customercare@bankislam.com.my](mailto:customercare@bankislam.com.my)

- ✓ For SME, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services and money management, credit counseling, financial education and debt restructuring. You can contact AKPK at:

Level 5 and 6,

Menara Bumiputra Commerce

Jalan Raja Laut

50350 Kuala Lumpur

Tel.: 603 -2616 7766

Fax: 603 -2616 7601

Website: <https://www.akpk.org.my/>

- ✓ If your query or complaints 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: 03-2174 1515*

*Email: [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)*

### **13. Where can I get further information?**

- ✓ Should you require additional information about Business Financing-i (BF-i) product, please refer to our branches or contact:

**Contact Centre & Customer Care**

**Bank Islam Malaysia Berhad**

*17<sup>th</sup> Floor, Menara Bank Islam,*

*No. 22, Jalan Perak,*

*50450 Kuala Lumpur.*

*Tel: 03-26 900 900*

*Email: [contactcenter@bankislam.com.my](mailto:contactcenter@bankislam.com.my)*

*Website: [www.bankislam.com](http://www.bankislam.com)*

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT KEEP UP PAYMENTS OF YOUR FACILITY.**

The information provided in this product disclosure sheet is valid from 18/10/2023.

#### Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: