

<p>PRODUCT DISCLOSURE SHEET</p> <p>Please read this Product Disclosure Sheet before you apply and decide to accept the Domestic Investment Strategic Fund (DISF) Financing Program. 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.</p>	<p>BANK ISLAM MALAYSIA BERHAD [Registration No. 198301002944 (98127-X)]</p> <p>Domestic Investment Strategic Fund (DISF) Financing Program 18 March 2022</p>
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1. WHAT IS THIS PROGRAM ABOUT?

- Domestic Investment Strategic Fund (DISF) Financing Program is a financing program that aims to help companies in the targeted industries particularly Small and Medium Enterprises (SMEs) in shifting towards high value-added, high technology, knowledge-intensive and innovation-based industries.
- Malaysian government through Malaysian Investment Development Authority (MIDA) has introduced the Domestic Investment Strategic Fund (DISF) in 2012 to accelerate the transition of Malaysian-owned companies to the industries mentioned above. The DISF grant are given on a matching 50% of invoice receipt on reimbursable basis as a bonus features, and to be disbursed within the approved duration (1-3 years) according to specific criteria and guidelines.
- DISF will be offered under Business Financing-i (BF-i) product based on Tawarruq.

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 contract 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, sell the commodity 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.

3. WHAT DO WE GET FROM THIS PROGRAM?

No.	Features	Details		
1.	Fund Size	RM100 million		
2.	Eligibility	<p>Eligibility Malaysian SMEs that fulfill all the following criteria shall be eligible for financing facility:</p> <p>i) Meets the definition of SMEs issued by SME Corporation Malaysia with business in operations must have been active for at least 2 years and the company is profitable for at least one (1) out of the last 2 years</p> <p>ii) Companies producing promoted products / engaged in promoted activities in the following priority sectors:</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p>A. Manufacturing</p> <ul style="list-style-type: none"> a. Aerospace; b. Medical Devices; c. Pharmaceuticals; d. Advanced Electronics; e. Machinery and Equipment; f. Other industries, on a case by case basis. </td> <td style="vertical-align: top;"> <p>B. Services</p> <ul style="list-style-type: none"> a. Design and Development b. Research and Development c. Testing / Calibration d. Quality and Standard Certification e. Architectural / Engineering Services f. Technical and/or skills training g. Logistics Service Providers (3PL) h. ICT Solutions Providers related to Automation and Industry 4.0 i. Integrated Green Technology Project </td> </tr> </table> <p>iii) Malaysian's companies in the manufacturing and related services sectors residing in Malaysia that hold a minimum of 51% Malaysian shareholding/ownership undertaking reinvestments (expansion / modernization / diversification).</p> <p>iv) Shareholding by Public Listed Companies and Government Linked Companies (if any) in the SMEs shall not exceed 20%;</p> <p>v) Registered with the Companies Commission of Malaysia (SSM), authorities/district offices in Sabah and Sarawak or statutory bodies for professional service providers;</p>	<p>A. Manufacturing</p> <ul style="list-style-type: none"> a. Aerospace; b. Medical Devices; c. Pharmaceuticals; d. Advanced Electronics; e. Machinery and Equipment; f. Other industries, on a case by case basis. 	<p>B. Services</p> <ul style="list-style-type: none"> a. Design and Development b. Research and Development c. Testing / Calibration d. Quality and Standard Certification e. Architectural / Engineering Services f. Technical and/or skills training g. Logistics Service Providers (3PL) h. ICT Solutions Providers related to Automation and Industry 4.0 i. Integrated Green Technology Project
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3.	Financing Type	Business Financing-i (BF-i) - Tawarruq		
4.	Financing Amount	From RM 100,000 to RM 5,000,000		
5.	Financing Purpose	<p>Capital Expenditure (CAPEX); and/or</p> <ul style="list-style-type: none"> ▪ Modernization and upgrading of facilities and tools to undertake manufacturing or services activities for Multinational Corporations (MNCs) and Malaysian conglomerates (outsourcing activities); ▪ Licensing or purchase of new/high technology. <p>Working Capital Requirement (WCR);</p>		

		<p>The working capital financing will cater for expenditures incurred for the following activities:</p> <ul style="list-style-type: none"> ▪ Training for Malaysians; ▪ R&D activities carried out in Malaysia; ▪ Obtain international standards/certification; and ▪ Legal Documentation Cost and Business Reducing Term Takaful (BRTT) / Business Financing Level Term Takaful (BLTT) Contribution Cost.
6.	Margin of Financing	<ul style="list-style-type: none"> ▪ Up to 90% for capital expenditure (CAPEX) and/or ▪ Up to 100% for working capital requirement (WCR)
7.	Profit Rate	Minimum BFR + 1.75% per annum
8.	Tenure	Up to ten (10) years
9.	Guarantee Coverage	Up to 80% Guarantee Coverage under Government Guarantee Scheme managed by SJPP (depends on the scheme offered by SJPP).
10.	Guarantee Fee	<p>Up to 1.00% p.a. on the approved limit payable upfront.</p> <p>Note: The Bank will finance the first year's SJPP Guarantee Fee. For the subsequent years, guarantee fee will be debited from the customer's account.</p>
11.	Security	<p><u>SJPP Guarantee</u> - Up to 80% SJPP Guarantee Coverage (respective to each scheme approved by SJPP)</p> <p><u>Sendirian Berhad</u></p> <ul style="list-style-type: none"> ▪ Joint and Several Guarantee (JSG) of Directors. ▪ Personal Guarantee by any individual shareholders holding more than 30% of the share capital of the customer. ▪ Personal Guarantee by key man/person regardless of the shareholding of the customer. ▪ Corporate Guarantor holding more than 50% of the share capital of the customer. <p><u>Partnership</u></p> <ul style="list-style-type: none"> ▪ Letter of Indemnity/ Undertaking, whichever is applicable.
<p>The sample calculation is illustrated below:</p> <p>Financing Amount : RM 2,500,000.00</p> <p>Contracted Profit Rate : 15%</p> <p>Effective Profit Rate : 7.22%* (BFR + Spread)</p> <p>Tenure : 7 years</p> <p>Bank's Sale Price : RM3,192,094-92</p>		<p>*Base Financing Rate (BFR) is assumed at 5.47% p.a. while the spread is at 1.75% p.a.</p> <p>[BFR (as at 1 December 2020) is 5.47%. Kindly refer to Bank Islam's website at www.bankislam.com for the latest BFR.]</p>
<p>Formula on calculation of profit :</p> $\pi = \frac{P \times r \times t}{N}$		<p>π = Profit</p> <p>P = Principal amount</p> <p>r = Effective rate</p> <p>t = number of days</p> <p>N = total number of days in a year</p>

Note:

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

4. WHAT ARE MY OBLIGATIONS?

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

Example (based on question 3 above)

- Your monthly instalment is RM38,001.13 (on assumption that BFR does not change).
- Total payment amount at the end of 7 years is RM3,192,094.92.
- If applicable, rebate will be provided 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	RM 38,001.13	RM 39,240.12	RM 40,502.38
Total profit cost at the end of 7 years	RM 692,094.92	RM 796,170.08	RM 902,199.92
Total payment amount at the end of 7 years	RM 3,192,094.92	RM 3,296,170.08	RM 3,402,199.92

5. WHAT ARE THE FEES AND CHARGES THAT WE 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.
- You are required 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 if the facility is cancelled.

6. WHAT IF WE FAIL TO FULFILL OUR 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 for late payment) to you as follows:

a) Before maturity of the facility

A sum equivalent to one per centum (1%) per annum on overdue instalment(s) until date of full payment.

Formula:

Overdue instalment(s) x 1% x No. of overdue day(s) / 365

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' (rebate) (if any).

Formula:

Outstanding Sale Price (less ibra'(rebate)) x Prevailing IIMM% x No. of overdue day(s) / 365

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.

Formula:

Outstanding Sale Price (less ibra'(rebate)) x Prevailing IIMM% x No. of overdue day(s) / 365

Note: The imposition of Ta'widh shall be in such manner as approved by BNM.

7. WHAT IF WE FULLY SETTLE THE FINANCING BEFORE ITS MATURITY?

- The Bank undertakes to grant you an ibra' (rebate) which is equivalent to the deferred profit at the point of settlement.

Ibra' (rebate) Formula:

Ibra' (Rebate on early settlement) = Deferred Profit

Note:

- Deferred Profit = Total Contracted Profit – Accrued Profit
- Total Contracted Profit = Sale Price – Purchase Price (or Financing Amount)
- Accrued Profit is calculated based on effective profit rate of the outstanding Purchase Price (or Financing Amount) being disbursed (or utilized)
- 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 WE 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 WE NEED A GUARANTOR OR COLLATERAL?

No collateral is required for this programme. However as additional securities, the Bank will require 80% guarantee coverage from Syarikat Jaminan Pembiayaan Perniagaan (SJPP) and other guarantees (where applicable) as listed in answer to Question 3 above, under item 11 – Security.

10. WHAT DO WE NEED TO DO IF THERE ARE CHANGES TO OUR CONTACT DETAILS?

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.

11. WHERE CAN WE 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:

SME Banking

Bank Islam Malaysia Berhad

16th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Fax: 03-2688 2711

Email: sme-assist@bankislam.com.my

- Alternatively, 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 for SME. You can contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)

Level 5 and 6,

Menara Bumiputra Commerce

Jalan Raja Laut

50350 Kuala Lumpur

Tel: 603 -2616 7766

Fax: 603 -2616 7601

Website: www.akpk.org.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

Fax: 03-2782 1337

Email: customercare@bankislam.com.my

- If the 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: 03-2174 1515

Email: bnmtelelink@bnm.gov.my

12. WHERE CAN WE GET FURTHER INFORMATION?

- Should you require additional information about the program, please refer to our branches or contact:

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: contactcenter@bankislam.com.my

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 as at 18/3/2022.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: