

<p>PRODUCT DISCLOSURE SHEET</p> <p>Please read this Product Disclosure Sheet before you apply and decide to accept the SME Smart Eco Financing Program (ECO). 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>Smart Eco Financing Program (ECO) 1/10/2022</p>
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1. WHAT IS THIS PROGRAM ABOUT?

SME Smart Eco Financing (ECO) is a structured financing program that has been developed to achieve a better environmental outcome. It contains a variety of facilities including Business Financing-i (BF-i), Business Cash Line-i (BCL-i) facility, and Multi Trade Facility which is intended to promote the development of green projects or minimize the impact on the climate of more regular projects or combination of both.

The program will benefit companies that are the producers and users of green technology by making it easier for them to buy their business inventory, equipment, or services it requires relating to sustainable initiative, sustainable practices and to enjoy Tax Relief and Discount under Green Initiative . The program is targeted solely to SMEs; Sdn Bhd, Private Limited Company, Sole-Proprietorship, Partnership and must fall within SME definition, that have been in business for at least two (2) years with profitable for at least one (1) out of the last 2 years.

2. WHAT IS THE SHARIAH CONCEPT APPLICABLE?

There are three types of facilities being offered under the SME Smart Eco Financing Program (ECO):-

1. Business Financing-i (BF-i)
2. Business Cash Line-i (BCL-i)
3. Multi Trade Facility

For BF-i and BCL-i,

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 per below: -

- The customer purchases the commodity from the Bank on a 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 a cost price. Proceeds from the transaction will be credited for customer's utilisation. 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."

For Multi-Trade facility, there are a few products being offered such as Letter of Credit-i (LC-i), Accepted Bill of Exchange (AB-i), Shipping Guarantee (SG-i) and Bank Guarantee (BG-i). Customer is advised to refer to the respective Product Disclosure Sheet (PDS) in the Bank's website or contact our staff for the Shariah contract/ concept used.

3. WHAT DO WE GET FROM THIS PROGRAM?

No.	Features	Details								
1.	Program Name	SME Smart Eco Financing Program (ECO)								
2.	Financing Type	<ul style="list-style-type: none"> Business Financing-i (BF-i) Business Cash Line-i (BCL-i) Multi Trade Facility (including Bank Guarantee-i (BG-i)) 								
3.	Currency Type	Ringgit Malaysia (MYR) only								
4.	Financing Amount	<ul style="list-style-type: none"> Up to RM5 Mil – (Per User) Up to RM15 Mil – (Per Producer) <p>Note: Sole-Prop/ Partnership financing limit is capped at RM2.5 million only.</p>								
5.	Financing Purpose	<ul style="list-style-type: none"> Working Capital: Available for the financing of work capital for the purchase of raw material Capital Expenditure (CAPEX): only for new machine and equipment <ol style="list-style-type: none"> To finance investment for the production of green products To finance investment for the utilization of green technology <p>(Inclusive of legal documentation costs and SJPP guarantee fee for the first year). Note: The facility cannot be utilized to refinance existing facility granted by the same or other Bank as imposed by SJPP to promote economic growth.</p>								
6.	Margin of Financing	<ul style="list-style-type: none"> Working Capital Requirement (WCR) - 100% Capital Expenditure (CAPEX) - 90% <p>(Subject to credit approval granted by the Bank)</p>								
7.	Profit Rate	<table border="1"> <thead> <tr> <th>Facility Type</th> <th>Profit Rate</th> </tr> </thead> <tbody> <tr> <td>Business Financing-i</td> <td>Min BFR + 1.75%</td> </tr> <tr> <td>Business Cash Line-i</td> <td>Min BFR + (1.50% - 2.00% p.a.)</td> </tr> <tr> <td>Multi Trade Facility</td> <td>As per prevailing for each respective facility</td> </tr> </tbody> </table>	Facility Type	Profit Rate	Business Financing-i	Min BFR + 1.75%	Business Cash Line-i	Min BFR + (1.50% - 2.00% p.a.)	Multi Trade Facility	As per prevailing for each respective facility
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8.	Tenure	<ul style="list-style-type: none"> Business Financing-i (BF-i) – Up to 9 years Business Cash Line-i (BCL-i) – 1 year subject to annual review Multi Trade Facility-i – As per the respective trade products <p>(Subject to credit approval granted by the Bank)</p>								
9.	Security	<p>SJPP Guarantee: Up to 80% Guarantee Coverage by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP), with a guarantee fee of up to 1% p.a</p> <p>For Private Limited Company:</p>								

	<ul style="list-style-type: none"> ▪ Joint and several guarantee (JSG) of Directors; and ▪ Individual shareholders holding more than thirty percent (30%) of the share capital of the customers; ▪ Corporate Guarantor holding more than fifty percent (50%) of the share capital of the Customer; ▪ Key man/person regardless of the shareholdings of the Customer 																								
<p>The sample calculation is illustrated below:</p> <table border="0"> <tr> <td colspan="2">Business Financing-i (BF-i) Scenario:</td> <td colspan="2">Business Cash Line-i (BCL-i) Scenario:</td> </tr> <tr> <td>Financing Amount</td> <td>: RM 1,000,000.00</td> <td>Financing Amount</td> <td>: RM 1,000,000.00</td> </tr> <tr> <td>Contracted Profit Rate (CPR)</td> <td>: 15%</td> <td>Contracted Profit Rate (CPR)</td> <td>: 15%</td> </tr> <tr> <td>Effective Profit Rate (EPR)</td> <td>: 7.97%* (BFR + Spread)</td> <td>Effective Profit Rate (EPR)</td> <td>: 7.97%* (BFR + Spread)</td> </tr> <tr> <td>Tenure</td> <td>: 9 years</td> <td>Tenure</td> <td>: 1 year</td> </tr> <tr> <td>Bank's Sale Price @ CPR</td> <td>: RM 1,827,828.72</td> <td>Bank's Sale Price @ CPR</td> <td>: RM 1,083,099.72</td> </tr> </table>		Business Financing-i (BF-i) Scenario:		Business Cash Line-i (BCL-i) Scenario:		Financing Amount	: RM 1,000,000.00	Financing Amount	: RM 1,000,000.00	Contracted Profit Rate (CPR)	: 15%	Contracted Profit Rate (CPR)	: 15%	Effective Profit Rate (EPR)	: 7.97%* (BFR + Spread)	Effective Profit Rate (EPR)	: 7.97%* (BFR + Spread)	Tenure	: 9 years	Tenure	: 1 year	Bank's Sale Price @ CPR	: RM 1,827,828.72	Bank's Sale Price @ CPR	: RM 1,083,099.72
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<p>* Base Financing Rate (BFR) is assumed at 6.22% p.a. while the spread is at 1.75% p.a. [BFR (as at 9 September 2022) is 6.22%. Kindly refer to Bank Islam's website at www.bankislam.com for the latest BFR.]</p>																									
<p>Formula on calculation of profit:</p> $\frac{\pi = P \times r \times t}{N}$	<p> π = Profit P = Principal amount r = Effective rate t = number of days N = total number of days in a year </p>																								

Note: The above example is only for illustration purpose and it may not show the actual financing obligation.

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 variable rates BF-i (based on question 3 above):

- Your monthly instalment is RM13,003.17 (on assumption that BFR does not change).
- Total payment amount at the end of 9 years is RM 1,404,342.36.
- 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 = 6.22% p.a.)	If BFR goes up 1%	If BFR goes up 2%
Monthly Instalment	RM13,003.17	RM 13,527.01	RM 14,062.45
Total profit at the end of 9 years	RM 404,342.36	RM 460,917.08	RM 518,744.60
Total payment amount at the end of 10 years	RM 1,404,342.36	RM 1,460,917.08	RM 1,518,744.60

Example for BCL-i (based on question 3 above):

- On monthly basis, you are required to pay the Bank's Profit based on utilization amount which is computed based on prevailing Bank's Effective Profit Rate, which will not exceed the Ceiling Rate.
- Your monthly profit payment is **RM 3,641.23** (on assumption that BFR does not change).

Important: Your monthly profit payment and total payment will vary if the BFR changes. For example:

Profit Rate	Today (BFR = 6.22% p.a.)	If BFR goes up 1%	If BFR goes up 2%
Monthly profit payment (profit only). Assumption: 100% utilization	RM 3,641.23	RM 4,104.24	RM 4,568.61

- The difference sum between the total Bank's Sale Price and the actual amount charged to the Customer (based on Effective Rate) are to be treated as Ibra' (rebate).

Upon maturity of the facility, the Customer is required to make a full settlement for the outstanding profit payment and principal portion of the Bank's Sale Price.

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 solicitors fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable)
- Tawarruq Agency fee of RM50.00 for every Tawarruq transaction.
- Takaful fee (if applicable).
- 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.

6. WHAT IF WE FAIL TO FULFILL OUR OBLIGATIONS?

Should you fail to fulfill your obligation in a timely manner, the following shall apply: -

- Upon Default:**
 - the Bank may by written notice to you, demand for immediate payment of amount overdue from you and/ or the guarantor.
 - 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 these facilities granted by the Bank.
 - the Bank has the right to take legal action against you if you fail to response to the reminder 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;
 - 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:

<p>Ibra' (Rebate on early settlement) = Deferred Profit</p>
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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)
- 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 A GUARANTOR OR COLLATERAL?

No collateral required for this programme. However as additional securities, the Bank will require 80% guarantee by SJPP and other guarantees (where applicable) as listed in answer to Question 3 above, under item 9 – Security.

9. 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.

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 Smart Eco Financing Program (ECO)

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 Department

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

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 Department

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 at (1/10/2022).

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: