

**PRODUCT DISCLOSURE SHEET**

Please read this Product Disclosure Sheet before you apply and decide to accept the SME Biz G.R.O.W 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.

**BANK ISLAM MALAYSIA BERHAD**

**[Registration No. 198301002944 (98127-X)]**

**SME Biz G.R.O.W Financing Program**

Date:

**1. WHAT IS THIS PROGRAM ABOUT?**

- SME Biz G.R.O.W Financing Program is a term financing program designed for Small and Medium Enterprise (SMEs) to cater for their working capital and/or capital expenses.
- Targeted to Malaysian entrepreneurs that have been in business for at least three (3) years and fulfill the following eligibility criteria:
  - i) Private Limited company and professional services providers and must fall within SME Definition;
  - ii) Malaysian owned with at least 51% shareholding;
  - iii) Registered with the following:
    - a) Companies Commission of Malaysia either under the Registrar of Business Act (1956) or the Companies Act 1965 and/or the Companies Act 2016 ; or
    - b) Respective authorities or district offices in Sabah and Sarawak; or
    - c) Respective statutory bodies for professional services providers for the following professions:
      - Doctors and dentists
      - Engineers
      - Quantity Surveyor
      - Accountants
      - Optometrist
      - Veterinary
      - Pharmacist
      - Architect
- For Private Limited company, the shareholders and directors must have been active in the company for at least three (3) years including the period under Sole-proprietorship/ Partnership (upon change of business type from Sole-proprietorship/ Partnership to Private Limited company but operating the same business activity).
- The company is profitable for at least two (2) out of the last three (3) years
- Under this program, the customer will be offered Business Financing-i (BF-i) product at variable rates under the contract of *Tawarruq*. For facility with variable rate, the monthly payment may be varied from time to time based on changes to the latest Base Financing Rate (BFR) provided always that 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 based 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 <i>Tawarruq</i> transaction documents.
2	Bank buys commodity from Commodity Supplier.
3	Bank sells commodity to customer on <i>Murabahah</i> at Selling Price. In this arrangement, the purchase will be performed by the Bank as the Purchase Agent to the customer.
4	Bank as the Sale Agent, on behalf of the customer, sell the commodity 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 <i>Murabahah</i> sale) by way of agreed payment terms.

**3. WHAT DO WE GET FROM THIS PROGRAM?**

No.	Features	Details
1.	<b>Financing Amount</b>	<p><b>Sdn. Bhd.</b></p> <ul style="list-style-type: none"> <li>Minimum financing amount: RM100,000</li> <li>Maximum financing amount: RM2.5 million</li> </ul> <p><b>Professional Services Providers</b></p> <ul style="list-style-type: none"> <li>Minimum financing amount: RM100,000</li> <li>Maximum financing amount: RM1.0 million</li> </ul>
2.	<b>Financing Purpose</b>	<p>For Working Capital Requirements (WCR) and Capital Expenses (CAPEX). This is inclusive of legal documentation costs, Syarikat Jaminan Pembiayaan Perniagaan (SJPP) guarantee fee for the first year and any other costs related to this financing which have been approved by the bank.</p> <p><b>Note:</b> The financing cannot be used to refinance existing financing granted by the Bank or other banks. The Bank reserves the right to</p>

		terminate the facility in the event the Bank discovers that the facility is used for other purpose.
3.	<b>Margin of Financing</b>	100% for WCR / 90% for CAPEX.
4.	<b>Profit Rate</b>	Minimum BFR+ 1.75% spread per annum.
5.	<b>Financing Tenure</b>	Up to seven (7) years
6.	<b>Guarantee Coverage</b>	Up to 90% Guarantee Coverage under Government Guarantee Scheme managed by SJPP.
7.	<b>Guarantee Fee</b>	Up to 1.00% per annum from the coverage amount (depends on the scheme offered by SJPP). The Bank will only finance the first year of the SJPP Guarantee Fee. For the subsequent years, Guarantee Fee will be debited from the customer's account in Bank Islam.
<p><b>The sample calculation is illustrated below:</b></p> <p>Financing Amount : RM2,500,000.00</p> <p>Contracted Profit Rate : 15% p.a</p> <p>Effective Profit Rate : 8.47%* p.a (BFR + Spread)</p> <p>Tenure : 7 years</p> <p>Bank's Sale Price : RM4,052,318.76</p>		<p>*Base Financing Rate (BFR) is assumed at 6.72% p.a. while the spread is at 1.75% p.a.</p> <p>[BFR (as at 5 May 2023) is 6.72% p.a. Please refer to Bank Islam's website at <a href="https://www.bankislam.com/deposit-financing-rates/">https://www.bankislam.com/deposit-financing-rates/</a> for the latest BFR.]</p>

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

#### 4. WHAT ARE MY OBLIGATIONS?

- You are required to pay the instalment (monthly, quarterly, half yearly or yearly) as approved by the Bank.

**Example (based on question 3 above)**

- Your monthly instalment is RM39,553.51 (on assumption that BFR does not change).
- Total payment amount at the end of 7 years is RM3,322,494.84
- If applicable, rebate (Ibra') will be provided if there is a difference between the Contracted Profit Rate and Effective Profit Rate.

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

Profit Rate	Today (BFR = 6.72% p.a.)	If BFR goes up 1%	If BFR goes up 2%
<b>Monthly Instalment</b>	RM 39,553-51	RM 40,821-56	RM 42,112-60
<b>Total profit cost at the end of 7 years</b>	RM 822,494-84	RM 929,011-04	RM 1,037,458-40
<b>Total payment amount at the end of 7 years</b>	RM 3,322,494-84	RM 3,429,011-04	RM 3,537,458-40

**5. WHAT ARE THE FEES AND CHARGES THAT WE HAVE TO PAY?**

Type of Fee	Description
Stamp Duty	As per Stamp Duty Act 1949 (Revised 1989)).
Legal fee as charged by the solicitor (if applicable).	Legal fee & disbursement including solicitor's fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable).
Tawarruq Agency fee	RM50.00 for every Tawarruq transaction (included in the financing amount).
Takaful Contribution fee as imposed by Takaful company/operator (if applicable)	As per the contribution amount required by the Takaful company/operator to cover the whole outstanding financing amount in the event of death or total permanent disability (TPD) of the customer.
Guarantee Fee as charged by SJPP	Up to 1.00% per annum from the coverage amount until the end of financing tenure
Cancellation fee as charged by SJPP (if applicable)	Cancellation fee of RM100.00 as charged by SJPP if the facility is cancelled due to the following circumstances: i) For cancellation of the guarantee as per your request; or ii) For failure to disburse the facility amount due to breach of any terms and conditions by you after a period of six (6) months from the date of receipt by Bank of SJPP's guarantee approval and subsequent cancellation of the guarantee approval
Cancellation of the facility	You need to pay the Bank all costs (if any) for the preparation and registration of securities 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: -

- **Upon Default:**
  - a) The Bank may by written notice to you, demand for immediate payment of amount overdue from you and/ or the guarantor (if any).
  - 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 these 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 costs 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.

**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).

**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 (BNM) from time to time.

**7. WHAT IF WE 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 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?**

Collateral required for this programme is as follows:

- i) Up to 90% Guarantee Coverage under Government Guarantee Scheme managed by SJPP (depends on the scheme offered by SJPP).
- ii) Sdn Bhd
  - Joint and several guarantee (JSG) by the following individual:
    - a) Directors of the company;
    - b) Shareholders holding more than thirty percent (30%) of the share capital;
    - c) Key man/person regardless of the shareholdings and directorship;
    - d) Corporate Guarantor holding more than 50% of the share capital of the customer (if any)

#### 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 Contracted Profit Rate:

#### 11. 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.

#### 12. 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**  
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)
- 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 counselling, 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: <https://www.akpk.org.my/ms>
- 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: 03-2174 1515  
Email: [bnmtelelink@bnm.gov.my](mailto: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](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 as at 5 July 2024

### Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: