

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you apply and decide to accept the **Biz Smart Property (Biz Smart)**. 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)]

Biz Smart Property (Biz Smart)

Date:

1. WHAT IS THIS PROGRAM ABOUT?

- Biz Smart Property (Biz Smart) is a financing program aims to finance the purchase of commercial / industrial properties, refinance of commercial / industrial properties, additional working capital requirements and /or capital expenditures (for renovation only).
- The program will benefit Small Medium Enterprises (SMEs); Private Limited Company, Sole-Proprietorship, Partnership and Professional Services Providers. The company must fall within SME definition issued by SME Corporation Malaysia, have been active for at least 3 years (for Wholesale & Retail Trade, Manufacturing and Transportation & Storage) or 5 years (for Cafe, Restaurant and Construction) and has been profitable for at least two (2) out of the last 3 years.

2. WHAT IS THE SHARIAH CONCEPT APPLICABLE?

There are three types of facilities being offered under Biz Smart:

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

For BF-i and BCL-i,

The Shariah concept used is *Tawarruq*.

A *tawarruq* consist 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 the commodity from the Bank on a *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 a cost price. Proceeds from the transaction will be credited for 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, soybeans, 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 for the customer.
4	Acting as Sale Agent, Bank sells 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 <i>Murabahah</i> sale) by way of agreed payment terms.

The product structure for **BCL-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 for the customer.
4	Acting as Sale Agent, Bank sells commodity on behalf of the customer to the Commodity Buyer at cost price.
5	The Bank credits proceeds from the sale of Commodity into a Marginal Account for the Customer to utilize the facility.
6	The Customer utilizes the fund placed in the Marginal Account as and when required via a designated Current Account (CA).
7	Customer pays the Commodity Sale price as per the agreed terms.

For Multi Trade Facilities, there are multiple products being offered such as Letter of Credit-i (LC-i), Trade working Capital Financing-i (TWCF-i), Trade *Tawarruq*-i (TTQ-i), Accepted Bill of Exchange (AB-i), Shipping Guarantee (SG-i) and Bank Guarantee (BG-i), and etc. Customer is advised to refer to the respective Product Disclosure Sheet (PDS) in the Bank's website or contact our staff for the further clarification on the Shariah contract/concept used.

3. WHAT DO WE GET FROM THIS PROGRAM?

No.	Features	Details
1.	Program Name	Biz Smart Property (Biz Smart)
2.	Financing Type	<ul style="list-style-type: none"> ▪ Business Financing-i (BF-i) ▪ Business Cash Line-i (BCL-i) ▪ Multi-Trade Facility (MTF)
3.	Currency Type	Ringgit Malaysia (MYR) only
4.	Financing Amount	<p>Sdn Bhd</p> <ul style="list-style-type: none"> ▪ Minimum financing amount: RM150,000.00 ▪ Maximum financing amount: RM5.0 million <p>Sole-Proprietorship/ Partnership/ Professional Services Providers</p> <ul style="list-style-type: none"> ▪ Minimum financing amount: RM150,000.00 ▪ Maximum financing amount: RM3.0 million

<p>5.</p>	<p>Financing Purpose</p>	<p><u>Business Financing-i</u></p> <p>Option 1</p> <ul style="list-style-type: none"> ▪ Purchase of completed or under construction* commercial / industrial property; and/or ▪ Working Capital for completed property only (encumbered); and/or ▪ CAPEX (for renovation only); and/or ▪ Financing of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT, Stamp Duty and Solicitor Fees in respect of Charge/ Facility Agreement. <p>Option 2</p> <ul style="list-style-type: none"> ▪ Refinance of encumbered commercial / industrial property; and/or ▪ Working Capital for completed property only (encumbered) and/or ▪ CAPEX (for renovation only); and/or ▪ Financing of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT, Stamp Duty and Solicitor Fees in respect of Charge/ Facility Agreement. <p>Option 3</p> <ul style="list-style-type: none"> ▪ Working Capital secured against completed property only (unencumbered) and/or ▪ CAPEX (for renovation only); and/or ▪ Financing of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT, Stamp Duty and Solicitor Fees in respect of Charge/ Facility Agreement. <p>Note *:</p> <ol style="list-style-type: none"> 1. For under construction properties, the developer must be under Bank Islam Panel Developer. 2. Claims are against the appointed Architects' Certificate and Site Visit Report (for first and final disbursement only). 3. Disbursement for CAPEX will be directly made to Contractor/Supplier as per invoices. <p><u>Business Cash Line-i & Multi Trade Facilities:</u></p> <ul style="list-style-type: none"> ▪ Working Capital for completed property only.
<p>6.</p>	<p>Margin of Financing (MOF)</p>	<p>Option 1 - Business Financing-i only (without Business Cash Line-i & Multi Trade)</p> <ul style="list-style-type: none"> • Under Construction Properties: <ol style="list-style-type: none"> a) Exclude Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: - Up to 90% of Sales & Purchase Agreement (S&P). b) Include Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees:

		<p>Owner Occupied: - Up to 100% of S&P (inclusive of 10% of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT etc)</p> <ul style="list-style-type: none"> ▪ Completed Properties: <ul style="list-style-type: none"> a) Exclude Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: Up to 90% of Sales & Purchase Agreement (S&P) or Open Market Value (OMV) [for completed properties], whichever is lower; or b) Include Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: - Up to 100% of S&P or OMV (inclusive of 10% of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT, etc), whichever is lower. <p>Option 2 – Combination of Business Financing-i & Business Cash Line-i/Multi Trade (for completed properties only)</p> <ul style="list-style-type: none"> a) Exclude Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: - Up to 90% of Open Market Value (OMV) or S&P, whichever is lower; or b) Include Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: - Up to 100% of OMV or S&P (inclusive of 10% of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT, and etc), whichever is lower. c) Combination BF-i & BCL-i or MTF; Combination of facilities is up to 120% of OMV subject to maximum clean exposure of not more than RM1.0 million for BCL-i facility. <p>Option 3– Combination of Business Financing-i, Business Cash Line-i & Multi Trade Facilities (for completed properties only)</p> <ul style="list-style-type: none"> a) Exclude Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: - Up to 90% of OMV or S&P, whichever is lower; or b) Include Fire Takaful, Valuation Fees, BRTT, BLTT, MRTT, Stamp Duty & Solicitor Fees: Owner Occupied: - Up to 100% of OMV or S&P (inclusive of 10% of Fire Takaful, Valuation Fees, MRTT, BRTT, BLTT, etc), whichever is lower. c) Combination BF-i, BCL-i & Multi Trade: Owner Occupied: - Combination of facilities is up to 150% of OMV subject to maximum clean exposure of not more than RM1.0 million <p>Option 4 – Working Capital purposes only (Business Financing-i or Business Cash Line-i or Multi Trade Facilities or Combination of all (for free encumbrances properties only)</p>
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		<p>MOF up to 90% (up to 75% for high-risk location) of OMV</p> <p>Option 5 – CAPEX for Renovation (Business Financing-i) MOF up to 90% of renovation cost subject to NOT exceeded 30% of OMV</p> <p>Note: Subject to credit approval granted by the Bank</p>																		
7.	Financing Profit Rate	<table border="1"> <thead> <tr> <th>Facility Type</th> <th>Financing Profit Rate</th> </tr> </thead> <tbody> <tr> <td>BF-i</td> <td>Minimum BFR –2.10% p.a.</td> </tr> <tr> <td>BCL-i</td> <td>Minimum BFR + 1.00% p.a.</td> </tr> <tr> <td>MTF</td> <td></td> </tr> <tr> <td> a. LC-i</td> <td>0.10% per month or minimum RM50.00</td> </tr> <tr> <td> b. TWCF-i</td> <td>Minimum BFR + 2.00% p.a.</td> </tr> <tr> <td> c. TTQ-i</td> <td>Minimum BFR + 2.00% p.a.</td> </tr> <tr> <td> d. SG-i</td> <td>0.1% flat on the amount of the invoice or minimum RM200 (for non-LC)</td> </tr> <tr> <td> e. BG-i</td> <td>0.60% p.a. to 2.25% p.a. with minimum RM 50.00.</td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> Customer is advised to refer to the respective PDS of the above-mentioned facility which is available at Bank’s website or contact our staff for the latest financing profit rate. Base Financing Rate (BFR) as of 5 May 2023 is 6.72% p.a. Kindly refer to Bank’s Islam website at https://www.bankislam.com/deposit-financing-rates/ for the latest BFR. 	Facility Type	Financing Profit Rate	BF-i	Minimum BFR –2.10% p.a.	BCL-i	Minimum BFR + 1.00% p.a.	MTF		a. LC-i	0.10% per month or minimum RM50.00	b. TWCF-i	Minimum BFR + 2.00% p.a.	c. TTQ-i	Minimum BFR + 2.00% p.a.	d. SG-i	0.1% flat on the amount of the invoice or minimum RM200 (for non-LC)	e. BG-i	0.60% p.a. to 2.25% p.a. with minimum RM 50.00.
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8.	Financing Tenure	<p>Business Financing-i</p> <p>Option 1 & Option 2</p> <ul style="list-style-type: none"> Minimum: 5 years Maximum: 20 years (or for sole proprietorship / partnership, when the key promoter / owner reaches the age of 65 years old, whichever is earlier) Maximum: Up to 7 years for Working Capital and for CAPEX (renovation) purposes. <p>Option 3</p> <ul style="list-style-type: none"> Maximum: Up to 7 years for Working Capital and for CAPEX (renovation) purposes <p>Business Cash Line-i</p> <ul style="list-style-type: none"> 1 year subject to annual review <p>Multi Trade Facilities</p> <ul style="list-style-type: none"> As per the respective Trade products 																		

9.	Security	<ol style="list-style-type: none"> 1) 1st or 3rd Party charge on property; 2) Deed of Assignment with Power of Attorney clause (in absence of Individual title) for property 3) Corporate Guarantor holding more than fifty percent (50%) of the share capital of the Customer 4) Joint and several guarantee (JSG) by the following individual: <ul style="list-style-type: none"> • Directors of the company; • Shareholders holding more than thirty percent (30%) of the share capital; • Key man/person regardless of the shareholdings and directorship 5) Security deposit – Waived <p>Note: *If the registered individual owner of the property is NOT the financing applicant, all the owners must stand as guarantor to the financing.</p>
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The sample calculation is illustrated below:

Business Financing-i (BF-i) Scenario:

Financing Amount	: RM 3,000,000.00
Contracted Profit Rate (CPR)	: 15% p.a.
Effective Profit Rate (EPR)	: 4.62% p.a.* (BFR - Spread)
Tenure	: 20 years
Bank's Sale Price @ CPR	: RM 9,480,884.99
Monthly instalment	RM 19,174.36

Business Cash Line-i (BCL-i) Scenario:

Financing Amount	: RM 3,000,000.00
Contracted Profit Rate (CPR)	: 15% p.a.
Effective Profit Rate (EPR)	: 7.72% p.a.* (BFR + Spread)
Tenure	: 1 year
Bank's Sale Price @ CPR	: RM 3,450,000.00

*Base Financing Rate (BFR) is assumed at 6.72% p.a. while spread is at -2.10% p.a. (BF-i) and 1.00% p.a. (BCL-i) [BFR (as at 5 May 2023) is 6.72% p.a. Kindly refer to Bank Islam's website at <https://www.bankislam.com/deposit-financing-rates/> for the latest BFR.]

Formula on calculation of profit:

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

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 it may not show the actual financing obligation of each BF-i and BCL-i

4. WHAT ARE MY OBLIGATIONS?

Business Financing-i (BF-i)

- You are obliged to pay the instalments (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 **RM 19,174.36** (on assumption that BFR does not change)
- Total payment amount at the end of 20 years is **RM 4,601,846.40**.
- If applicable, Ibra' (rebate) will be granted to the customer if there is a difference between Contracted Profit Rate (CPR) 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 = 6.72% p.a.)	If BFR goes up 1%	If BFR goes up 2%
Monthly instalment	RM 19,174.36	RM 20,840.47	RM 22,579.64
Total profit at the end of 20 years	RM 1,601,846.40	RM2,001,712.80	RM2,419,113.60
Total payment amount at the end of 20 years	RM4,601,846.40	RM5,001,712.80	RM5,419,113.60

Business Cash Line-i (BCL-i)

- On monthly basis, you are required to pay the Bank's Profit based on the utilisation amount which is computed based on prevailing Bank's Effective Profit Rate, which will not exceed the Contracted Profit Rate (CPR).
- 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.

Multi Trade Facilities

As per the respective Trade products

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

Stamp Duty	As per Stamp Duty Act 1949 (Revised 1989)
Legal fee	Legal fee & disbursement including solicitors fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable).
Processing fee	Exempted
Tawarruq Agency fee	RM50.00 for every Tawarruq transaction.
Takaful contribution (Optional)	As per the contribution amount required by the Takaful operators to cover the whole outstanding financing amount in the event of death or total permanent disability (TPD) of the customer.
Cancellation of the facility	Customer needs 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.

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 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) against 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?

- *Ibra'* (rebate) will be given to you on early settlement or early redemption of the facility.

Ibra' (rebate) 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?

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?

- a) 1st/ *3rd Party charge on property
- b) Deed of Assignment with Power of Attorney clause (in absence of Individual title) for property
- c) Corporate Guarantor holding more than fifty percent (50%) of the share capital of the Customer
- d) Joint and several guarantee (JSG) by the following individual:
 - Directors of the company;
 - Shareholders holding more than thirty percent (30%) of the share capital;
 - Key man/person regardless of the shareholdings and directorship.
- e) Security deposit – waived

Note: *If the registered individual owner of the property is NOT the applicant, all the owners must stand as guarantor to the financing.

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 (CPR).

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

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

Email: 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

- 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:

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: <http://www.akpk.org.my>

- 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

13. 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
Website: 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 05 March 2024

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: