

**PRODUCT DISCLOSURE SHEET** Please read this Product Disclosure Sheet before you apply and decide to accept the Low Carbon Transition Facility (LCTF). 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)]

**Low Carbon Transition Facility (LCTF)**

**Date: 14 October 2024**

## 1. WHAT IS THIS PROGRAM ABOUT?

- Low Carbon Transition Facility (LCTF) is a financing program by Bank Negara Malaysia (BNM) with RM 2.0 billion fund size to encourage and catalyse Small and Medium Enterprises (SMEs) transition to low carbon operations by adopting sustainability practices for business resilience. LCTF is available until full utilization.
- These sustainability practices include, but not limited to, obtaining sustainability certification, increasing the use of sustainable materials for production, improving energy efficiency of building and appliances, and installing on-site renewable energy generation equipment.
- LCTF will be offered under Business Financing-i (BF-i) product based on Tawarruq at fixed profit rate.

## 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, 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 Murabahah sale) by way of agreed payment terms.

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

No.	Features	Details
1.	<b>Financing Type</b>	Business Financing-i (BF-i) (Term Financing)
2.	<b>Financing Amount</b>	<ul style="list-style-type: none"> <li>Minimum: RM 100,000</li> <li>Maximum: RM 10 million</li> </ul> <p><b>Note:</b> Sole-proprietorship/ Partnership is up to RM 2.5 million only</p>
3.	<b>Financing Purpose</b>	<p>Capital Expenditure (CAPEX)* or working capital requirement (WCR) to initiate or facilitate the transition to low carbon and sustainable operation.</p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>a) * Excluding the purchase of land. Bank are obliged to conduct due diligence and put safeguards in ensuring the property purchased by customer is for business use rather than for investment or rental purposes e.g mandating the building to be occupied by the same SME obtaining the financing.</li> <li>b) LCTF cannot be used for refinancing of existing credit/financing facilities.</li> </ul>
4.	<b>Margin of Financing</b>	<ul style="list-style-type: none"> <li>Up to 100% on WCR (To finance legal fee, agency, takaful etc)</li> <li>Up to 90% on CAPEX (No financing of legal fee, takaful contribution, etc)</li> </ul>
5.	<b>Profit Rate</b>	Fixed rate of up to 5.00% p.a. (inclusive of guarantee fee)
6.	<b>Financing Tenure</b>	<p>Minimum: 1 Year</p> <p>Maximum: 10 years</p>
7.	<b>Collateral</b>	Not required
8.	<b>Guarantee coverage</b>	<ul style="list-style-type: none"> <li>Up to 80% guarantee coverage by Syarikat Jaminan Pembiayaan Perniagaan (SJPP); or</li> <li>Guarantee cover for Credit Guarantee Corporation Malaysia Berhad (CGC) ranges between 30% and 80% of coverage amount or up to RM5 million, whichever is lower.</li> </ul>
9.	<b>Security</b>	<ul style="list-style-type: none"> <li>i) Guarantee coverage from Syarikat Jaminan Pembiayaan Perniagaan (SJPP) or Credit Guarantee Corporation (CGC)</li> <li>ii) Sdn Bhd <ul style="list-style-type: none"> <li>Joint and several guarantee (JSG) by the following individual: <ul style="list-style-type: none"> <li>a) Directors of the company;</li> <li>b) Shareholders holding more than thirty percent (30%) of the share capital;</li> </ul> </li> </ul> </li> </ul>

		<p>c) Key man/person regardless of the shareholdings and directorship</p> <ul style="list-style-type: none"> <li>Corporate Guarantor holding more than 50% of the share capital of the customer (if any)</li> </ul> <p><b>For Partnership:</b> Letter of Indemnity/Undertaking, whichever is applicable.</p>																		
<p><b>The sample calculation is illustrated below:</b></p> <table> <tr> <td>Financing Amount</td><td>:</td><td>RM 3,000,000.00</td></tr> <tr> <td>Bank's Profit Rate</td><td>:</td><td>4.00% per annum</td></tr> <tr> <td>Tenure</td><td>:</td><td>10 years</td></tr> </table>		Financing Amount	:	RM 3,000,000.00	Bank's Profit Rate	:	4.00% per annum	Tenure	:	10 years	<table> <tr> <td>Payment (beginning on 1<sup>st</sup> month until 120<sup>th</sup> month)</td><td>:</td><td>RM 35,000.00</td></tr> <tr> <td>Total Profit</td><td>:</td><td>RM 1,200,000.00</td></tr> <tr> <td>Bank's Sale Price</td><td>:</td><td>RM 4,200,000.00</td></tr> </table>	Payment (beginning on 1 <sup>st</sup> month until 120 <sup>th</sup> month)	:	RM 35,000.00	Total Profit	:	RM 1,200,000.00	Bank's Sale Price	:	RM 4,200,000.00
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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 monthly instalment as approved by the Bank.

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

- Your monthly instalment is RM 35,000.00
- Total payment amount at the end of 10 years is RM 4,200,000.00
- You are obliged to pay the monthly installment starting from the 1<sup>st</sup> month until full settlement of the financing. However, you may opt at any time to fully settle the financing.

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

Type of Fee	Details
Stamp Duty	As per Stamp Act 1949 (Revised 1989)
Legal fee as charged by the solicitor (if applicable)	Legal fee & disbursement including solicitors 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 as imposed by Takaful operators / company (Optional)	As per the contribution amount required by the Takaful operators/company to cover the whole outstanding financing amount in the event of death or total and permanent disability (TPD) of the customer.
Guarantee Fee	As charged by: <ul style="list-style-type: none"> <li>SJPP – Up to 0.50% per annum from the coverage amount until the end of financing tenure; or</li> <li>CGC – 0.75% per annum from the coverage amount until the end of financing tenure</li> </ul> The guarantee fee is embedded in profit rate.
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: -

### **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 response 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) 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?

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

### **Ibra' (rebate) Formula:**

$$\text{Ibra' /Rebate on early settlement} = \text{Deferred Profit}$$

### **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?

No collateral is required for this programme. However as additional securities, the Bank will require guarantee coverage by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) or Credit Guarantee Corporation Malaysia Berhad (CGC) and other guarantees (where applicable) as listed in answer to Question 3 above, under item 9 – Security.

#### 10. WHAT ARE THE MAJOR RISKS?

There is no major risk.

#### 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).

- 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. 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 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)

- 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)

### 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 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](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 14 October 2024

#### Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: