

Product Disclosure Sheet – Trade Working Capital Financing-i (Purchase)

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you decide to accept the Trade Working Capital Financing-i (Purchase) Facility. Be sure to read the terms and conditions in the letter of offer. Seek clarification from Bank Islam if you do not understand any part of this document or the general terms.

Bank Islam Malaysia Berhad

Trade Working Capital Financing-i (Purchase)
[TWCF-i Purchase]

<Date>

1. What is Trade Working Capital Financing-i (Purchase) facility?

- ✓ Trade Working Capital Financing-i (Purchase) facility is to finance the purchase/ importation of goods against domestic or international trade Letter of Credit-i or Inward Bills for Collection-i or on Open Account basis. It enables you to settle payment in a convenient manner and facilitates convenient cash flow management.

2. What is the Shariah concept applicable?

- ✓ The main Shariah contract applied in the product is *Murabahah (Murabahah to the Purchase Orderer "MPO")* i.e. a sale contract with a disclosure of the asset cost price and profit margin to the purchaser (i.e. the Customer). Under this contract, there is an order and promise to purchase by the Customer prior to the seller (i.e. the Bank)'s acquisition of the goods.
- ✓ The product structure for TWCF-i (Purchase) is as follows:

No	Description
1	Bank appoints you as its purchasing agent to purchase the goods from the Supplier. You irrevocably and unconditionally promises (Wa'd) and undertakes to purchase the goods from the Bank.
2	Supplier supplies the goods to you.
3	You purchases the goods on behalf of the Bank.
4	The Bank pays price of goods on cash to the Supplier.
5	The Bank sells the goods on deferred payment term to you.
6	You settles the Bank's Selling Price at maturity date.

3. What do I get from this product?

- | | |
|--------------------------------|--------------------------------------|
| ✓ Total financing amount | Up to 100% of invoice value |
| ✓ Tenure | Up to 365 days |
| ✓ Bank's effective profit rate | Base Financing Rate (BFR) +/- spread |

4. What are my obligations?

- ✓ Upon maturity of the facility, you shall settle the Selling Price.

5. What are the fees and charges that I have to pay?

- ✓ Stamp Duty [as per Stamp Duty Act 1949 (Revised 1989)]
- ✓ Fees and Commission
- ✓ SWIFT / Rentas Charges
- ✓ Postage and Courier (if any)

Note: Please refer to our website at www.bankislam.com.my for further details on fees and charges.

6. What if I fail to fulfill my obligations?

- ✓ Should you fail to fulfill the obligation in a timely manner, the following shall apply:
 - **Breach of Wa`d**
Customer to compensate the Bank for any actual loss incurred by the Bank due to customer's breach of promise (Wa`d) and undertaking to purchase the goods from the Bank.
 - **Event of Default**
 - a) In the event of default of payment, 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 any credit balance in your deposit and/ or investment account which is maintained with the Bank against any overdue payment under this financing.
 - c) Legal action will be taken if you fail to respond to the reminder notices. Any security pledged to the Bank (such as property, machinery, etc.) may be foreclosed/ repossessed and you are to bear all costs incurred in the disposal of the asset. You are also responsible to settle any shortfall after the asset is sold.
 - d) Legal action against you may affect your credit rating leading to any future credit assessment being more difficult or expensive to you.
 - e) Trigger of cross default of other facilities with the Bank or any other financial institutions.
 - **Late Payment**
The Bank shall impose *Ta'widh* (compensation) against you as follows (where applicable):
 - a) Before maturity of the facility.
A sum equivalent to one per centum (1%) per annum on overdue installment(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 on outstanding balance i.e. outstanding Sale Price less *Ibra'* (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 from time to time.

7. What if I 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:
 $Ibra' / \text{Rebate on early settlement} = \text{Deferred Profit}$

Note:

- i) $\text{Deferred Profit} = \text{Total Contracted Profit} - \text{Accrued Profit}$
- ii) $\text{Total Contracted Profit} = \text{Sale Price} - \text{Purchase Price (or Financing Amount)}$
- 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 I need to take up Takaful coverage?

✓ No, you do not have to take up Takaful coverage for this financing.

9. What are the major risks?

✓ There is no major risk since the facility is short term in nature and the financing rate is fixed for the whole tenure.

10. What do I need to do if there are changes to my contact detail?

✓ 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 I 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:

Trade Operations

Bank Islam Malaysia Berhad

13th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Tel: 03-2782 1078/ 1089/ 1087/ 1086

Fax: 03-2782 1346/ 1347/ 1348

✓ 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: contactcenter@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 I get further information?

- ✓ Should you require additional information about this product, 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
www.bankislam.com.my

13. Other trade facility packages available?

- ✓ Bank Guarantee-i
- ✓ Letter of Credit-i
- ✓ Standby Letter of Credit-i
- ✓ Shipping Guarantee-i
- ✓ Trade Working Capital Financing-i (Sales)

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 26 December 2018.