

PRODUCT DISCLOSURE SHEET

iTEKAD Microfinancing Program

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Please read this Product Disclosure Sheet before you apply and decide to accept the iTEKAD Microfinancing 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 (98127-X)

iTEKAD Microfinancing Program

1 May 2020

1. What is iTEKAD Microfinancing Program?

- Malaysia's Prime Minister on 27 March 2020 announced (iTEKAD), a vital part of the Prihatin Rakyat Economic Stimulus Package (ESP) as an additional measures in assisting B40 segment and asnaf* in generating sustainable income and achieving financial resilience. *Note: Asnaf refers to poor or destitute asnaf based on syarak with guidance set by the State Islamic Religious Council.
- The Program is designed for eligible micro-entrepreneurs to grow business to generate sustainable income.
- This program involves on-boarding and educating applicants as well as monitoring their performance and success. For the first phase, the program will be undertaken in collaboration with Implementation Partners, Majlis Agama Islam Wilayah Persekutuan (MAIWP) and SME Corporation Malaysia (SME Corp Malaysia) and is open only for 100 eligible applicants from Wilayah Persekutuan. The Program is offered to Malaysian Micro Enterprise that fulfills the following eligibility criteria:-
 - Meets Micro Enterprise (sole-proprietorship & partnership) definition by SME Corp. Malaysia;
 - Registered with the Companies Commission of Malaysia (SSM) or statutory bodies for professional service providers;
 - Minimum 1 year in business;
 - Age between 21 to 60 years on the date of application;
 - Malaysian Micro Enterprise (Malaysians residing in Malaysia that hold a minimum of 51% Malaysian shareholding in the Micro Enterprise); and
 - Verified/concurred by Bank Islam's approved Implementation Partner(s) (where applicable).
- Shortlisted applicants will attend business development training program conducted by Implementation Partner(s). Upon completion of the said training program, Bank Islam will assess and provide micro-financing to successful applicants; whilst Bank Islam's zakat fund will be granted to asnaf for purchase of business equipment, subject to approval on micro-financing.

2. What is the Shariah concept applicable?

- The Shariah concept used is Tawarruq.

It is the purchase of a commodity on deferred payment basis. The commodity is then sold by the purchaser for cash for a party other than the original seller.

Tawarruq concept is further described as per below: The 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 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."

3. What do we get from this Program?

No.	Features	Details
1.	Program	iTEKAD Microfinancing Program
2.	Program Limit	RM5,000,000-00
3.	Program Availability	1 May 2020 until program limit of RM5,000,000 is fully utilised
4.	Type of Financing	Term financing in nature
5.	Financing Purpose	a) Working Capital; and/ or b) Capital expenditure Note: Financing should not be used to refinance existing credit/ financing facilities.
6.	Financing Amount	Minimum: RM 5,000-00 Maximum: RM50,000-00
7.	Tenure	Minimum: 1 year Maximum: 5 years
8.	Profit rate	<ul style="list-style-type: none"> ▪ Fixed rate ▪ 4% per annum

No.	Features	Details																
9.	Collateral	Not required																
10.	Guarantee	Not required																
11.	Additional Requirements	The financing should not be used for the following activities: a) Purchase of shares; b) Purchase of land/ real estate investment; c) Property development; d) Investment by investment holding companies; e) Activities where the stock in trade is money (include credit, leasing, factoring and insurance businesses) f) Shariah non-compliant activities																
<p>The sample calculation is illustrated below:</p> <table border="0"> <tr> <td>Example</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Financing Amount</td> <td>:</td> <td>RM50,000-00</td> <td>Monthly Payment : RM920.83</td> </tr> <tr> <td>Bank's Profit rate</td> <td>:</td> <td>4.00% per annum</td> <td>Bank's Sale Price : RM55,249.80</td> </tr> <tr> <td>Tenure</td> <td>:</td> <td>5 years</td> <td></td> </tr> </table>			Example				Financing Amount	:	RM50,000-00	Monthly Payment : RM920.83	Bank's Profit rate	:	4.00% per annum	Bank's Sale Price : RM55,249.80	Tenure	:	5 years	
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Note: The above example is only for illustration purpose and it may not show the actual financing obligation of each iTEKAD Microfinancing Program.

4. What are our obligations?

- You are required to pay the monthly instalment as approved by the Bank.
- Customer is obliged to pay the monthly payments until full settlement of the financing. However, the customer may opt at any time to settle the financing in full.

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

- Tawarruq Agency fee of RM50-00 is waived by the Bank.
- You are required to pay the Bank all costs (if any) for the preparation of documentation 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**

- In the event of default of payment, the Bank may by a written notice, demand for immediate payment of amount overdue from you.
- 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.
- Legal action will be taken if you fail to respond to the reminder notices.
- Legal action against you may affect your credit rating leading to any future credit assessment being more difficult or expensive to you.
- Trigger of cross default of other facilities with the Bank.

- **Late Payment**

The Bank shall impose Ta'widh (compensation for late payment) to you as follows:-

- 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:
$$\text{Overdue instalment(s)} \times 1\% \times \text{No. of overdue day(s)} / 365$$
- 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:
$$\text{Outstanding Sale Price (less ibra'(rebate))} \times \text{Prevailing IIMM\%} \times \text{No. of overdue day(s)} / 365$$
- 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:
$$\text{Outstanding Sale Price (less ibra'(rebate))} \times \text{Prevailing IIMM\%} \times \text{No. of overdue day(s)} / 365$$

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:

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

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 a guarantor or collateral?

Neither guarantor nor collateral is required for this Program.

9. Do we need any Takaful coverage?

No Takaful coverage required for this Program.

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 Banking
Bank Islam Malaysia Berhad
16 th Floor, Menara Bank Islam No 22, Jalan Perak, 50450 Kuala Lumpur
Relationship Manager:
Tel:
Fax: 03-2688 2711
Email:

- 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: 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 we get further information?

- Should you require additional information about this 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 as at 1 May 2020.