

Product Disclosure Sheet – Revolving Credit-i (RC-i)

PRODUCT DISCLOSURE SHEET (PDS)

Please read this Product Disclosure Sheet before you apply and decide to accept the Revolving Credit-i (RC-i). 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)]

Revolving Credit-i (RC-i)

<DATE>

1. What is Revolving Credit-i facility?

- ✓ RC-i is a standby financing line that is extended to business type customers of the Bank on revolving basis to finance their working capital requirements.

2. What is the Shariah concept/ contract applicable?

- ✓ The financing 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:-**

- (a) Customer purchases the commodity from the Bank 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.
- (b) 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 customer's utilization.
- (c) 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 RC-i is as follows:

No	Description
1	<p>The Bank obtains from the Customer documents relating to <i>Tawarruq</i> transaction:</p> <ol style="list-style-type: none"> a) Memorandum of Acceptance (of facility LO) b) Appointment of the Bank as Purchase Agent (Wakalah 1): <ul style="list-style-type: none"> • The Bank as Customer's agent to conclude commodity purchase from the Bank. c) Appointment of the Bank as Sale Agent (Wakalah 2): <ul style="list-style-type: none"> • The Bank as Customer's agent to sell the commodity to a Commodity Buyer. d) <i>Tawarruq</i> Facility Agreement.
2	The Bank buys commodity from Commodity Provider.

3	The 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.

3. What do I get from this product?

- ✓ The Customer will obtain financing amount required payable within the tenure as approved by the Bank.

Tenure	Minimum : 30 days Maximum : 180 days
Minimum Utilization Amount	RM100,000-00
<p>Formula calculation of Selling Price :</p> <p>Financing amount X rate% X tenure (in month or day)/ (12 for month or 365 for day) + financing amount</p> <p>The sample calculation is illustrated below:</p> <p>Example</p> <p>Utilization Amount : RM100,000.00</p> <p>Bank's Profit rate (Ceiling Rate) : 3.60%</p> <p>Bank's Effective Profit Rate : 3.60% (BFR/ COF ± 'Spread')</p>	<p>Tenure : 1 month</p> <p>Bank's Sale Price : RM101,232.88</p> <p>* BFR is assumed at 5.47% p.a. while spread is 1.5%</p>

Formula on calculation of profit :

$$\Pi = \frac{P \times r \times t}{n}$$

Π = Profit

P = Principal (utilized 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 may not show the actual financing obligation of each Revolving Credit-i.

Bank Islam's current COF is 2.60% p.a. (as at 2 August 2021) and BFR (as at 1 December 2020) is 5.47%.

Please refer to Bank Islam's website <https://www.bankislam.com/deposit-financing-rates/> for the latest BFR.

4. What are my obligations?

- ✓ To pay the facility in lump sum on maturity date consisting of Principal amount plus profit for each disbursement.

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

- ✓ Stamp Duty (as per Stamp Duty Act 1949 (Revised 1989)).
- ✓ Legal fee & disbursement Including solicitors fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable)
- ✓ *Tawarruq* Agency fee of RM50.00 for every *Tawarruq* transaction.
- ✓ Cancellation of the facility - you are to pay the Bank all costs (if any) for the preparation and registration of security documents that has been incurred by the Bank in connection with the facility including all expenses incurred during the claim process.
- ✓ Processing Fee (only applicable for non SME)

6. What if I fail to fulfill my 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 this 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 cost 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 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 (IIMM) 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 is in such manner as approved by Bank Negara Malaysia from time to time.

7. What if I fully settle the financing before its maturity?

- ✓ Definition of Early Settlement
"Early Settlement" means Settlement prior to the expiry of the Financing tenure by the Customer including, but is not limited to the following situations:
 - (i) Customers who make an early settlement or early redemption, including those arising from prepayments;
 - (ii) Settlement of the original Financing contract due to financing restructuring exercise;
 - (iii) Settlement by Customers in the case of default; and/ or
 - (iv) Settlement by Customers in the event of termination or cancellation of Financing before the maturity date.
- ✓ Early settlement Formula/ settlement formula on maturity

O/S Bank Sale's Price

Less:

Ibra' on Early Settlement (Unearned Income)

Advances by the Customer

Plus (if any):

Miscellaneous Cost (financing account)

O/S Ta'widh charge/ Compensation charge (financing account)

Early settlement Charges

Note:

- i. Outstanding Bank's Sale Price = Outstanding Bank's Purchase Price (or Financing Amount) + Profit Overdue + Deferred Profit.
- ii. Miscellaneous charges (financing account) are advances by the Bank include takaful contribution/ insurance premium, legal fees, quit rent etc.
- iii. Early Settlement Charges means actual costs allowed by Shariah Supervisory Council of the Bank.

8. Do I need to take up Takaful coverage?

- ✓ It is optional, however you or your supplier is advised to subscribe to any appropriate Takaful protection.

9. 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/ Cost of Fund may result in higher financing payment.

However, the Bank's Effective Profit rate should not exceed the Ceiling Rate.
10. Do I need a guarantor or collateral?
✓ If you do not meet the minimum credit requirement, Bank Islam may require guarantor(s) or collateral in order for you to proceed with the submission.
11. 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.
12. Where can I get assistance and redress?
<p>✓ If you have difficulties in servicing the payments, you should contact us earliest possible to discuss the payment options. You may contact us at:</p> <p>Group Institutional Banking Bank Islam Malaysia Berhad 27th Floor, Menara Bank Islam No 22, Jalan Perak, 50450 Kuala Lumpur Relationship Manager: (to be filled by our RM's) Tel: (to be filled by our RM's) Fax: 03-2726 7818 Email: (to be filled by our RM's)</p> <p>✓ If you wish to complaint on the products or services provided by us, you may contact us at:</p> <p>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 Fax: 03-2782 1337 Email: customercare@bankislam.com.my</p> <p>✓ If your query or complaints is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:</p> <p>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</p>
13. Where can I get further information?

- ✓ Should you require additional information about Revolving Credit-i (RC-i) 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

IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT KEEP UP PAYMENTS OF YOUR FACILITY.

1. The above is for illustration purposes only. Profit and/ or charges may vary and subject to Bank Islam terms and conditions.
2. The information provided in this Product Disclosure Sheet is valid as at 18/10/2023.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: