



Product Disclosure Sheet – Trade Tawarruq-i (TTQ-i)

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you decide to accept the Trade Tawarruq-i (TTQ-i) 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 Tawarruq-i (TTQ-i)

<date>

1. What is Trade Tawarruq-i (TTQ-i) facility?

- ✓ TTQ-i 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. It also mitigates the issues of non-existence of underlying asset and to provide hassle free to the customer as the underlying asset has been identified upfront.
- ✓ This facility is design specifically (but not limited) to cater the following business scenarios:
 - a) Financing for provision of services (e.g. Installation);
 - b) Financing with staggered facility disbursement arrangement (i.e. financing of contract at pre-completion stage);
 - c) Financing of asset under construction;
 - d) Financing of intangible items, food and beverage, logistic, software, drawings, deposit payment as well as precious metal including gold and silver; and
 - e) Financing re-imburement

2. What is the Syariah contract/ concept applicable?

- ✓ This financing is under the Syariah principle of Tawarruq.
- ✓ 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.
- ✓ The mechanism of Tawarruq for this product is as follows:
 - (a) The customer purchases the commodities 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 customer's Purchase Agent.
 - (b) As the Sale Agent for the customer, the Bank shall then sell the commodities to a Commodity Purchaser at cost price. Proceeds from the transaction will be disbursed for customer's utilization.
 - (c) The customer is obliged to pay the amount due from the Murabahah transaction as per the agreed terms.

"Commodities" means any commodities 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 customer's mandate, where Bank as the Purchase and Sale Agent trades the commodities as made available and

provided by commodity providers subject to the Bank's prevailing policies.

3. What do I get from this product?

✓ Financing Limit	Minimum : RM1,000 Maximum : Up to 100% of invoice value
✓ Tenure	Minimum : 14 days Maximum : 180 days
✓ Bank's financing rate	<p>Base Financing Rate (BFR) +/- spread; or Cost of Fund (COF) +/- spread</p> <p>Bank Islam's current COF is 2.60% p.a. (as at 2 August 2021) and BFR is 5.47% p.a. (as at 1 December 2020) while spread is 1.5% (subject to the Bank's approval). For further informations, please visit www.bankislam.com or call us at 603- 26 900 900 for the latest BFR.</p> <p>The financing rate based on daily rest will be quoted by the Bank on the intended day of utilization of the facility based on tenure requested by the customer.</p> <p>The facility profit rate comprising BFR/COF and spread will be fixed for the duration of financing tenure as requested by the customer.</p>

Formula to calculate Selling Price and Profit Margin as per below:

$$SP = FV \left[1 + \left(\frac{r \times t}{36500} \right) \right]$$

SP = Selling Price

FV = Financing value

r = Financing rate

t = Tenor of financing

$$\text{Profit Margin} = \text{Selling price} - \text{Financing value}$$

Illustration:

FV = RM100,000

r = 10%

t = 60 days

$$SP = 100,000 \left[1 + \left(\frac{10 \times 60}{36500} \right) \right]$$

= RM101,643.84

Profit Margin = RM101,643.84 - 100,000.00

= RM1,643.84

4. What are my obligations?

- ✓ Upon maturity of the facility, you are required to 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 for further details on fees and charges.

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**

- The Bank may by written notice to you, demand for immediate payment of amount overdue from you and/ or the guarantor;
- 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;
- 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 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
- Cross default of other facilities with the Bank may be triggered.

- **Late Payment**

The Bank shall impose Ta'widh (compensation) against you as follows (where applicable):

- Before maturity of the facility.
A sum equivalent to one per centum (1%) per annum on overdue installment(s) until date of full payment.
- 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).
- 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' / 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 I need to take up Takaful coverage?

- ✓ Yes, you are required to obtain Takaful coverage from our panel Takaful providers or other Takaful/ Insurance companies acceptable by the Bank (where applicable).

9. 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.

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/ Cost of Fund may result in higher financing payment. However, the Bank's Effective Profit rate should not exceed the Ceiling Rate.

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

- ✓ It is important for you to immediately inform the Bank 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?

- ✓ If you have difficulties in making settlement of the facility, you should contact the Bank earliest possible to discuss the payment options. You may contact the Bank 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

Or

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)

Or

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 complain 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

Fax: 03-2782 1337

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:

Level 5 and 6,

Menara Bumiputra Commerce

Jalan Raja Laut

50350 Kuala Lumpur

Tel: 603 -2616 7766

Fax: 603 -2616 7601

Website: akpk.org.my

- ✓ If the query or complaint is not satisfactorily resolved by the Bank, 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: bnmtelink@bnm.gov.my

13. 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

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

14. What are the other trade facility packages available?

1. Trade Working Capital Financing-i (Purchase)
2. Trade Working Capital Financing-i (Sales)
3. Letter of Credit-i
4. Letter of Credit Transfer-i
5. Shipping Guarantee-i
6. Bank Guarantee-i
7. Accepted Bills-i (Purchase)
8. Accepted Bills-l (Sales)
9. Bills of Exchange Purchase-i
10. Documentary Collection-i
11. Export Credit Refinancing-i
12. Standby Letter of Credit-i

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

Note:

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: