

<p>PRODUCT DISCLOSURE SHEET</p> <p>Please read this Product Disclosure Sheet before you apply and decide to accept the SME Contract Financing-i (SCF-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.</p>	<p>BANK ISLAM MALAYSIA BERHAD [Registration No. 198301002944 (98127-X)]</p> <p>SME Contract Financing-i (SCF-i)</p> <p><Date></p>
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1. WHAT IS THIS PROGRAM ABOUT?

- SME Contract Financing-i (SCF-i) is a multi-financing product package that includes cash line, multi trade facility (inclusive of Bank Guarantee-i) and foreign exchange (FX) which designed for Small Medium Enterprises (SMEs) to cater to the customers' needs for their specific procurement and/or contract requirement. The program is built specifically to finance contracts from acceptable contract awarders, and it is intended for contractors/ vendors/ suppliers with average turnover of more than RM2.0 million over the past 2 financial years and have obtained contracts from selected principals.
- The program is offered at variable rate where the monthly payment may be varied from time to time based on changes to the Bank's base financing rate and the total instalment amount shall not exceed the Bank's Sale Price, and the program is targeted solely to Malaysian SMEs that fulfill the following criteria as below:
 - a) Main Contractors / Nominated Sub-contractors / Vendors / Suppliers
 - b) Minimum of (2) years performance track record
 - c) Registered with the relevant Licensing or Certification Bodies
 - d) Contractor awarded by Government, Government Bodies, GLCs or other Corporate Companies acceptable by the Bank
 - e) Shareholding by Public Listed Companies and Government Linked Companies (if any) in the SMEs shall not exceed 20%.
 - f) Malaysians residing in Malaysia that hold a minimum of 51% shareholding in the business.
- The program is offered with 3 different types of product facilities as further describe under section 3 below. Customer is advised to refer to respective product features and key terms and conditions as reflected in the Product Disclosure Sheet (PDS) and Bank's website.

2. WHAT IS THE SHARIAH CONCEPT APPLICABLE?

- **There are three types of facilities being offered under the SME Contract Financing-i:-**
 - a) Business Cash Line-i (BCL-i)
 - b) Multi Trade Facility (inclusive of Bank Guarantee-i)
 - c) Foreign Exchange Contract-i (FEC-i)
- **For BCL-i**
The Shariah concept used is Tawarruq which 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 per below: -

The customer purchases the commodity from the Bank on a 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. 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."

The product structure for BCL-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) as per the agreed payment terms.

▪ **For Multi-Trade facility**

There are a few products being offered such as Letter of Credit-i (LC-i), Accepted Bill of Exchange (AB-i), Shipping Guarantee (SG-i) and Bank Guarantee (BG-i). Customer is advised to refer to the respective Product Disclosure Sheet (PDS) in the Bank's website or contact our staff for the Shariah contract/ concept used.

▪ **For Foreign Exchange Contract-i (FEC-i)**

Under the program, customer can do foreign exchange transaction for value SPOT and FORWARD :-

- a) **VALUE SPOT** - The Shariah concept used is Bai'al-Sarf, a contract of exchange of money for money of the same or different type.
- b) **VALUE FORWARD** - The Shariah concept used is Bai'al-Sarf and Wa'd - Wa'd is a unilateral promise. An expression of commitment given by one party to another to perform certain action(s) in the future. Under this agreement, the Bank is allowed to enter into FX Forward transaction based on unilateral promise i.e. binding only on the promisor.

3. WHAT DO WE GET FROM THIS PROGRAM?

No.	Features	Details
1.	Program Name	SME Contract Financing-i (SCF-i)
2.	Financing Type	<ul style="list-style-type: none"> ▪ Business Cash Line-i (BCL-i) ▪ Multi Trade Facility (inclusive of Bank Guarantee-i (BG-i)) ▪ Foreign Exchange Contract-i (FEC-i)
3.	Financing Amount	<ul style="list-style-type: none"> ▪ Private Limited Company (Sdn Bhd) - RM 1million - RM 15million (including Bank Guarantee-i) ▪ Sole-Proprietorship/Partnership - RM 500k - RM 2.5million (including Bank Guarantee-i)
4.	Financing Purpose	<ul style="list-style-type: none"> ▪ Working Capital Requirement (WCR) ▪ Capital Expenditure (CAPEX) - (for contract related and purposes)
5.	Margin of Financing (MOF)	<ul style="list-style-type: none"> ▪ Construction Contract Up to 30% from the contract value excluding BG-i (depending on the BG-i amount as required and indicated in the Letter of Award) ▪ Supply / Services & etc. Contract Up to 90% of the total contract cost including BG-i of an invoiced amount right away and to receive cash advance on work that have yet to perform on a contracted job. ▪ Capital Expenditure (CAPEX) Up to 80% of the total contract cost including BG-i (Total drawdown (Accumulated) of Business Cash Line-i and Purchase trade facilities are restricted up to 80% of the contract value/ Purchase Order (PO) value/ total contract cost with additional MOF of up to 5% from contract value/ PO value) <p>Note: FEC-i limit is subject to further approval from the Bank on the utilization of the Facility. Customer is advised to consult the Bank prior to utilization of the Facility</p>
6.	Contract Value	<ul style="list-style-type: none"> ▪ Capping on contract value however financing limit should not be less than RM 1.0 million for Sdn Bhd as below: <ol style="list-style-type: none"> 1. 30% of Construction Contract at RM 50 million <ol style="list-style-type: none"> i) Subject to the maximum contract financing limit of Sdn Bhd and Sole Proprietorship/Partnership ii) Contract value more than RM 50 million will be on a selective basis and subject to Approving Authority Approval 2. 90% supply contract at RM 16.67 million <ol style="list-style-type: none"> i) Supply contract value capped at RM 16.67 million Subject to the maximum contract financing limit of Sdn Bhd and Sole Proprietorship/ Partnership ii) Contract value more than RM 16.67 million will be on a selective basis and subject to Approving Authority Approval

		<ul style="list-style-type: none"> Profit margin per contract must not be less than 10% after incorporating finance charges 															
7.	Rate	<table border="1"> <thead> <tr> <th>Facility Type</th> <th>Proposed Profit Rate</th> </tr> </thead> <tbody> <tr> <td> Business Cash Line-i (BCL-i) </td> <td> Private Limited Company (Sdn Bhd): Minimum BFR + (1.50% p.a - 2.00% p.a.) Sole Proprietorship / Partnership: Minimum BFR + (2.50% p.a - 3.00% p.a.) Note: i. The Contracted Profit Rate (CPR) and Effective Profit Rate (EPR) of the financing shall be subject to credit approval granted by the Bank. ii. The CPR will form the Bank's Selling Price while the EPR is the actual amount of profit that will be paid by the customer. iii. Profit rate is floating. </td> </tr> <tr> <td> Multi Trade Facility a. Trade Working Capital Financing-i (TWCF-i) for Purchase & Sales </td> <td> Private Limited Company (Sdn Bhd): Minimum BFR + (1.50% p.a - 2.00% p.a.) Sole Proprietorship / Partnership: Minimum BFR + (2.50% p.a - 3.00% p.a.) </td> </tr> <tr> <td>b. Accepted Bills-i (AB-i) for Purchase & Sales</td> <td>Minimum COF + 1.75% p.a.</td> </tr> <tr> <td>c. Letter of Credit-i (LC-i)</td> <td>0.10% per month or minimum RM 50</td> </tr> <tr> <td>d. Shipping Guarantee-i (SG-i)</td> <td>0.1% flat or minimum RM500</td> </tr> <tr> <td>e. Bank Guarantee-i (BG-i)</td> <td>Minimum 0.60% p.a - 2.25% p.a. or minimum RM 50</td> </tr> </tbody> </table>	Facility Type	Proposed Profit Rate	Business Cash Line-i (BCL-i)	Private Limited Company (Sdn Bhd): Minimum BFR + (1.50% p.a - 2.00% p.a.) Sole Proprietorship / Partnership: Minimum BFR + (2.50% p.a - 3.00% p.a.) Note: i. The Contracted Profit Rate (CPR) and Effective Profit Rate (EPR) of the financing shall be subject to credit approval granted by the Bank. ii. The CPR will form the Bank's Selling Price while the EPR is the actual amount of profit that will be paid by the customer. iii. Profit rate is floating.	Multi Trade Facility a. Trade Working Capital Financing-i (TWCF-i) for Purchase & Sales	Private Limited Company (Sdn Bhd): Minimum BFR + (1.50% p.a - 2.00% p.a.) Sole Proprietorship / Partnership: Minimum BFR + (2.50% p.a - 3.00% p.a.)	b. Accepted Bills-i (AB-i) for Purchase & Sales	Minimum COF + 1.75% p.a.	c. Letter of Credit-i (LC-i)	0.10% per month or minimum RM 50	d. Shipping Guarantee-i (SG-i)	0.1% flat or minimum RM500	e. Bank Guarantee-i (BG-i)	Minimum 0.60% p.a - 2.25% p.a. or minimum RM 50	
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		<p>Foreign Exchange Contract-i (FEC-i)</p> <p>As quoted by the Bank during the utilization of the Facility or such other rate as shall be quoted by the Bank from time to time.</p> <p>Note: BFR (as at 17 May 2022) is 5.72%. Kindly refer to Bank Islam's website at www.bankislam.com for the latest BFR.</p>
8.	Tenure	<ul style="list-style-type: none"> ▪ Business Cash Line-i (BCL-i) - Up to 1 year (renewal) ▪ Multi Trade Facility-i - As per the respective trade products ▪ Foreign Exchange Contract-i (FEC-i)- up- Up to 6 months / maximum 1 year <p>Note: the above is subject to credit approval granted by the Bank</p>
9.	Security	<p>1. 1st/ 3rd party charge over cash deposit for Advance Performance Guarantee / Performance Guarantee/ Sinking Fund</p> <p>2. Support letter:</p> <ul style="list-style-type: none"> a) Deed of Assignment (DOA) by way of contract proceed; and b) Other supporting letter: <ul style="list-style-type: none"> i) "Surat Ikatan Penyerahan Hak & Surat Persetujuan Kerajaan Kepada Surat Ikatan Penyerahan Hak berserta Lampiran E" duly acknowledge acceptance by the "Awarding Party" to remit the contract proceeds directly to the Customer's Non Checking Account with the Bank; or ii) Irrevocable Letter of Instruction (ILI); or iii) Letter of Assent; or iv) Inclusion of Instruction to Pay (ITP); <p>3. Private Limited Company (Sdn Bhd)</p> <ul style="list-style-type: none"> a) Joint and Several Guarantee (JSG) of Directors b) Personal Guarantee by any individual shareholders holding more than 30% of the share capital of the customer c) Personal Guarantee by key man/ person regardless of the shareholding of the customer d) Corporate Guarantor holding more than 50% of the share capital of the customer <p>4. Partnership</p> <p>Letter of Indemnity/ Undertaking, whichever is applicable</p> <p>5. Submission of Letter of Undertaking from the Customer to the Bank to credit all the contract proceeds received from the contract(s) financed by the Bank into Customer's</p>

		<p>designated Non Checking Current Account (NCCA) maintained with the Bank.</p> <p>6. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Up to 80% of financing amount is guaranteed by Syarikat Jaminan Pembiayaan Perniagaan (SJPP), with guarantee fee of up to 1% p.a. applicable to Sole Proprietorship/ Partnership only, and any exceptions are to be requested on a case-to-case basis.</p>
<p>The sample calculation for BCL-i is illustrated below:</p> <p>Financing Amount : RM 1,000,000.00</p> <p>Contracted Profit Rate : 15%</p> <p>Effective Profit Rate : 7.47%* (BFR + Spread)</p> <p>Tenure : 1 year</p> <p>Bank's Sale Price : RM 1,150,000.00</p>		<p>*Base Financing Rate (BFR) is assumed at 5.72% p.a. while the spread is at 1.75% p.a.</p> <p>[BFR (as at 17 May 2022 is 5.72%. Kindly refer to Bank Islam's website at www.bankislam.com for the latest BFR.]</p>
<p>Formula on calculation of profit :</p> $\Pi = \frac{P \times r \times t}{N}$		<p>Π = Profit P = Principal amount r = Effective rate t = number of days N = total number of days in a year</p>

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 instalment (monthly, quarterly, half yearly or yearly) or settle the financing amount upon maturity of the facility as approved by the Bank.

Example for BCL-i (based on question 3 above) :

- On monthly basis, you are required to pay the Bank's Profit based on utilization amount which is computed based on prevailing Bank's Effective Profit Rate, which will not exceed the Ceiling Rate.
- Your monthly profit payment is RM 6,344.38 (on assumption that BFR does not change).
- If applicable, ibra' (rebate) will be provided if there is a difference between the ceiling rate and the Bank's Effective profit rate.

Important: Your monthly profit payment and total payment will vary if the BFR changes. For example:

Profit Rate	Today (BFR = 7.47% p.a.)	If BFR goes up 1%	If BFR goes up 2%
Monthly profit payment (profit only). Assumption: 100% utilization	RM 6,344.38	RM 7,193.70	RM 8,043.01

- The difference sum between the total Bank's Sale Price and the actual amount charged to the Customer (based on Effective Rate) are to be treated as Ibra' (rebate).
- Upon maturity of the facility, the Customer is required to make a full settlement for the outstanding profit payment and principal portion of the Bank's Sale Price.

5. WHAT ARE THE FEES AND CHARGES THAT WE 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)
- Takaful fee (if 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.

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 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 for late payment) 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.
Formula:
 Overdue instalment(s) x 1% x No. of overdue day(s) / 365

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).

Formula:

Outstanding Sale Price (less ibra' (rebate)) x Prevailing IIMM% x No. of overdue day(s) / 365

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.

Formula:

Outstanding Sale Price (less ibra' (rebate)) x Prevailing IIMM% x 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? (for BCL-i and TWCF-i)

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

Ibra' (rebate) Formula:

**Ibra' (Rebate on early settlement) =
Deferred Profit**

Note:

- Deferred Profit = Total Contracted Profit - Accrued Profit
- Total Contracted Profit = Sale Price - Purchase Price (or Financing Amount)
- Accrued Profit is calculated based on effective profit rate of the outstanding Purchase Price (or Financing Amount) being disbursed (or utilized)
- 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. WHAT ARE THE MAJOR RISKS?

Customer is advised to refer to respective product PDS to understand major risk associated to each product.

10. DO WE NEED A GUARANTOR OR COLLATERAL?

Collateral required for this programme as listed in answer to Question 3 above, under item 9 - Security.

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
16th Floor, Menara Bank Islam
No 22, Jalan Perak,
50450 Kuala Lumpur
Fax: 03-2688 2711
Email: sme-assist@bankislam.com.my.
- 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: customercare@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 for SME. 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: www.akpk.org.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

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,

PRODUCT DISCLOSURE SHEET
SME Contract Financing-i
(SCF-i)



Assuring Trust. Delivering Value.

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 01/07/2022.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date:

BU/PDS/ SCF /2022/V1