

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you apply and decide to accept the Targeted Relief and Recovery Facility (TRRF). 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)]

Targeted Relief and Recovery Facility (TRRF)

11 January 2022

1. WHAT IS THIS PROGRAM ABOUT?

- a) Targeted Relief and Recovery Facility (TRRF) is a financing programme designed to provide relief and support recovery for SMEs in the services sector affected by reintroduction of COVID-19 containment measures, except tourism and tourism-related subsectors.
- b) TRRF is an initiative by Bank Negara Malaysia (BNM) with total of RM 8.0 billion funds is allocated for this purpose. The TRRF is made available until **30 June 2022 or upon fully utilised (whichever is the earlier)**. And TRRF is offered Tawarruq based Business Financing-i (BF-i) product at fixed rate.
- d) TRRF is offered to Malaysian SMEs (at least 51% shares held by Malaysians) in services sector affected by reintroduction of COVID-19 containment measures (except for tourism and tourism-related subsectors), such as:
 - Personal services (e.g. repair of computers/ household goods/ laundry/ hairdressing/ beauty)
 - Food and Beverage service activities
 - Human Health and Social Work activities
 - Arts, Entertainment and Recreation
 - Wholesale and Retail Trade
 - Business services (e.g. Professional, Scientific and Technical Activities; Administrative and Support Service Activities)

Note: Recipients of Special Relief Facility (SRF) and PENJANA SME Financing (PSF) are eligible for the TRRF up to the aggregate limit RM500,000 per SME
- e) TRRF is not applicable to the following categories:
 - Tourism and tourism-related subsectors.
 - Manufacturing and construction sectors.
 - Recipients for PENJANA Tourism Financing (PTF).

2. WHAT IS THE SHARIAH CONCEPT APPLICABLE?

- **The Shariah 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:-**
Customer purchases commodity from the Bank based 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. 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 the customer's utilization. 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 BF-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 to the customer.
4	Bank acting as Sale Agent, on behalf of the customer, sell the commodity 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) by way of agreed payment terms.

3. WHAT DO WE GET FROM THIS PROGRAM?

No.	Features	Details
1.	Fund Allocation	RM8 billion
2.	Financing Product	Business Financing-i (BF-i)
3.	Financing Type	Term Financing
4.	Financing Amount	<ul style="list-style-type: none"> Up to RM75,000 per micro enterprise; and Up to RM500,000 per SME. <p>Note:</p> <ol style="list-style-type: none"> A collective financing limit is applicable for SMEs with common shareholder(s) of equal to or more than 20% shareholding Financing amount is subject to the aggregate group limit not exceeding RM10.0 million for all Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) guarantee schemes, including this financing OR, if customer has been earlier approved for guarantee under Government Guarantee Scheme Prihatin (GGs Prihatin), not exceeding RM20.0 million for all SJPP guarantees schemes, including this financing. Group is defined as companies under the same group by way of shareholding (holding 50% or more), directors (providing guarantees) and guarantors related.
5.	Financing Purpose	<ul style="list-style-type: none"> Working Capital Requirement (WCR); and/or Refinancing of up to 30% of total financing approved <p>Note:</p> <ol style="list-style-type: none"> Legal documentation cost and agency fee to be included into the financing 30% of financing approved can be used to refinance existing business financing (existing business financing excludes financing obtained under BNM's Fund for SMEs) Financing shall not be used for the following activities:

		<div><div>i)</div><div>Purchase of shares;</div></div> <div><div>ii)</div><div>Purchase of land/ real estate investment;</div></div> <div><div>iii)</div><div>Property development;</div></div> <div><div>iv)</div><div>Investment by investment holding companies;</div></div> <div><div>v)</div><div>Activities where the stock in trade is money (including credit, leasing, factoring and insurance businesses), except for money changing operators;</div></div> <div><div>vi)</div><div>Gambling, alcohol, tobacco or other similar activities/ products; and</div></div> <div><div>vii)</div><div>Non-Shariah compliant activities</div></div>
6.	Margin of Financing	<div><div>▪</div><div>Up to 100% on Working Capital Requirement (WCR) and/or</div></div> <div><div>▪</div><div>Up to 30% on Refinancing of existing Business Financing</div></div>
7.	Profit Rate	Up to 3.5% p.a. fixed rate (inclusive of 0.5% guarantee fees absorbed by the Bank)
8.	Tenure	Up to 7 years from the date of the disbursement (inclusive minimum 6 months moratorium on monthly instalments)
9.	Collateral	Not required
10.	Guarantee coverage	<div><div>▪</div><div>SME: 80% of the financing amount is guaranteed by SJPP</div></div> <div><div>▪</div><div>Microenterprise: Optional 90% guarantee cover by SJPP</div></div>
11.	Security	<div><div>For Sdn Bhd:</div><div><div>▪</div><div>Joint and several guarantee (JSG) of Directors and individual shareholders holding more than thirty percent (30%) of the share capital of the customers</div></div><div><div>▪</div><div>Corporate Guarantor holding more than fifty percent (50%) of the share capital of the Customer</div></div><div><div>▪</div><div>Key man/person regardless of the shareholdings of the Customer</div></div><div><div>For Partnership:</div><div><div>▪</div><div>Letter of Indemnity/Undertaking, whichever is applicable</div></div></div></div>
<div><div>The sample calculation is illustrated below:</div><div><div><div>Financing Amount</div><div>:</div><div>RM500,000.00</div></div><div><div>Financing Rate</div><div>:</div><div>3.50% per annum</div></div><div><div>Tenure</div><div>:</div><div>7 years</div></div></div><div><div><div>Moratorium</div><div>:</div><div>6 months</div></div><div><div>Payment (beginning on 7th month until 84th month)</div><div>:</div><div>RM7,288.53</div></div><div><div>Bank's Sale Price</div><div>:</div><div>RM568,505.33</div></div></div></div>		
<div><div>Formula on calculation of profit :</div><div><div><div><div>$\Pi = \frac{P \times r \times t}{N}$</div></div></div><div><div>Π = Profit</div><div>P = Principal amount</div><div>r = Financing Rate</div><div>t = number of days</div><div>N = total number of days in a year</div></div></div></div>		

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 monthly instalment as approved by the Bank.

Example (based on question 3 above)

- Your monthly instalment is RM7,288.53
- Total payment amount at the end of 7 years is RM568,505.33
- During the 6 (six) months moratorium period, you are not required to pay any instalment (both principal and profit). However, the principal and profit will be incorporated into the monthly instalment on the remaining tenure.
- You are obliged to pay the monthly installment starting from the 7th month until full settlement of the financing. However, you may opt at any time to fully settle the financing.

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 solicitor's 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. –
- You are required 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 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:**
 - 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 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?

- The Bank undertakes to grant you an ibra' (rebate) which is equivalent to the deferred profit at the point of settlement.

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 A GUARANTOR OR COLLATERAL?

No collateral required for this programme. However as additional securities, the Bank will require 80% guarantee (for SME) and 90% guarantee (for microenterprise) by SJPP and other guarantees (where applicable) as listed in answer to Question 3 above, under item 11 – Security.

9. 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.

10. 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

- 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 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
Fax: 03-2782 1337
Email: customercare@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

11. 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

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.

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Assuring Trust. Delivering Value.

The information provided in this Product Disclosure Sheet is valid as at 11/01/2022.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: