

<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 : 6 February 2025</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 contract which designed for Small and 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. The program is targeted solely to Malaysian SMEs that fulfill the following criteria:
 - a) Main Contractors / Nominated Sub-contractors / Vendors / Suppliers
 - b) Minimum of two (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 described 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
 - c) Foreign Exchange Contract-i (FEC-i)

For Business Cash Line-i (BCL-i)

The Shariah concept used is *Tawarruq*. A *tawarruq* consist 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 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 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, soybeans, 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 <i>Tawarruq</i> transaction documents.
2	Bank buys commodity from Commodity Supplier.
3	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 proceeds from the sale of Commodity into a Marginal Account for the Customer to utilize the facility.
6	The Customer utilizes the fund placed in the Marginal Account as and when required via a designated Current Account (CA).
7	The Customer settles the amount due to the Bank (from <i>Murabahah</i> sale) by way of agreed payment terms.

- **For Multi-Trade facility**

There are multiple products being offered such as Letter of Credit-i (LC-i), Trade working Capital Financing-i (TWCF-i), Accepted Bills-i (AB-i), Shipping Guarantee (SG-i), Bank Guarantee (BG-i) and etc. Customer is advised to refer to the respective Product Disclosure Sheet (PDS) in the Bank’s website or contact our staff for the further clarification on 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 :-

- VALUE SPOT** - The Shariah concept used is Bai`al-Sarf, a contract of exchange of money for money of the same or different type.
- 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.	Facility Type	<ul style="list-style-type: none"> ▪ Business Cash Line-i (BCL-i) ▪ Multi Trade Facility ▪ Foreign Exchange Contract-i (FEC-i)
3.	Financing Amount	<ul style="list-style-type: none"> ▪ Private Limited Company (Sdn. Bhd.) - RM1 million – RM15 million (including Bank Guarantee-i) ▪ Sole-Proprietorship/Partnership - RM500k – RM2.5 million (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) <p>The purpose is to cater for the followings:</p> <ul style="list-style-type: none"> ▪ Business Cash Line-i

		<p>To finance general expenses, overheads, administrative, material, sub-contracts wages</p> <ul style="list-style-type: none"> Multi Trade Facilities To facilitate purchase or sales of goods under the contract financed 				
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 Contract & etc. 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 be performed 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: <i>FEC-i limit is subject to further approval from the Bank on the utilization. Customer is advised to consult the Bank prior to utilization.</i></p>				
6.	Contract Value	<ul style="list-style-type: none"> There is a cap imposed on the contract value, as below: <ol style="list-style-type: none"> 30% of Construction Contract at RM 50 million <ol style="list-style-type: none"> Subject to the maximum contract financing limit of Sdn. Bhd. and Sole Proprietorship/Partnership. Contract value more than RM 50 million will be on a selective basis and subject to the Bank's approval. 90% of supply contract at RM 16.67 million <ol style="list-style-type: none"> Supply contract value capped at RM 16.67 million Subject to the maximum contract financing limit of Sdn. Bhd. and Sole Proprietorship/ Partnership. Contract value more than RM 16.67 million will be on a selective basis and subject to the Bank's approval. Profit margin per contract must not be less than 10% after incorporating finance charges. 				
7.	Profit 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> <p>Private Limited Company (Sdn. Bhd.): Base Financing Rate (BFR) + 1.75% p.a to BFR + 2.00% p.a</p> <p>Sole Proprietorship / Partnership: BFR + 2.50% p.a to BFR + 3.00% p.a</p> <p>Note:</p> <ol style="list-style-type: none"> <i>The Contracted Profit Rate (CPR) and Effective Profit Rate (EPR) of the financing shall be subject to credit approval granted by the Bank.</i> </td> </tr> </tbody> </table>	Facility Type	Proposed Profit Rate	Business Cash Line-i (BCL-i)	<p>Private Limited Company (Sdn. Bhd.): Base Financing Rate (BFR) + 1.75% p.a to BFR + 2.00% p.a</p> <p>Sole Proprietorship / Partnership: BFR + 2.50% p.a to BFR + 3.00% p.a</p> <p>Note:</p> <ol style="list-style-type: none"> <i>The Contracted Profit Rate (CPR) and Effective Profit Rate (EPR) of the financing shall be subject to credit approval granted by the Bank.</i>
Facility Type	Proposed Profit Rate					
Business Cash Line-i (BCL-i)	<p>Private Limited Company (Sdn. Bhd.): Base Financing Rate (BFR) + 1.75% p.a to BFR + 2.00% p.a</p> <p>Sole Proprietorship / Partnership: BFR + 2.50% p.a to BFR + 3.00% p.a</p> <p>Note:</p> <ol style="list-style-type: none"> <i>The Contracted Profit Rate (CPR) and Effective Profit Rate (EPR) of the financing shall be subject to credit approval granted by the Bank.</i> 					

		<p>ii. The CPR will form the Bank's Selling Price while the EPR is the actual rate of profit that will be paid by the customer.</p> <p>iii. Profit rate is floating.</p>
	<p>Multi Trade Facility</p> <p>a. Trade Working Capital Financing-i (TWCF-i) for Purchase & Sales</p>	<p>Private Limited Company (Sdn. Bhd.): BFR + 1.75% p.a to BFR + 2.00% p.a</p> <p>Sole Proprietorship / Partnership: BFR + 2.50% p.a to BFR + 3.00% p.a</p>
	<p>b. Accepted Bills-i (AB-i) for Purchase & Sales</p>	<p>Cost of Fund (COF) + 1.75% p.a to COF + 2.00% p.a</p>
	<p>c. Letter of Credit-i (LC-i)</p>	<p>0.10% per month or minimum RM 50</p>
	<p>d. Shipping Guarantee-i (SG-i)</p>	<p>0.1% flat or minimum RM500</p>
	<p>e. Bank Guarantee-i (BG-i)</p>	<p>Minimum 0.60% p.a - 2.25% p.a. or minimum RM 50</p>
	<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:</p> <ol style="list-style-type: none"> Customer is advised to refer to the respective PDS of the above-mentioned facility which is available at Bank's website or contact our staff for the latest financing profit rate. Base Financing Rate (BFR) as of 5 May 2023 is 6.72% p.a. Kindly refer to Bank's Islam website at https://www.bankislam.com/deposit-financing-rates/ for the latest BFR. 	
8.	Tenure	As per respective generic product. Kindly refer to respective product PDS in Bank's website.
9.	Collateral, guarantee & security	<ol style="list-style-type: none"> 1st/ 3rd party charge over cash deposit for Advance Performance Guarantee / Performance Guarantee/ Sinking Fund Support letter: <ol style="list-style-type: none"> Deed of Assignment (DOA) by way of contract proceed; and Other supporting letter:

		<p>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</p> <p>ii) Irrevocable Letter of Instruction (ILI); or</p> <p>iii) Letter of Assent; or</p> <p>iv) Inclusion of Instruction to Pay (ITP);</p> <p>3. Private Limited Company (Sdn. Bhd.) Joint and Several Guarantee (JSG) by the following individual:</p> <p>i) Directors of the company;</p> <p>ii) Shareholders holding more than thirty percent (30%) of the share capital;</p> <p>iii) Key man / person regardless of the shareholdings and directorship</p> <p>4. Corporate Guarantor holding more than 50% of the share capital of the customer</p> <p>5. Partnership Letter of Indemnity/ Undertaking, whichever is applicable</p> <p>6. 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 designated Non Checking Current Account (NCCA) maintained with the Bank.</p> <p>7. 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>
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The sample calculation for BCL-i is illustrated below:

Financing Amount	:	RM 1,000,000.00
Contracted Profit Rate	:	15% p.a.
Effective Profit Rate	:	8.22%* p.a. (BFR + Spread)
Tenure	:	1 year
Bank's Sale Price	:	RM 1,150,000.00

***Base Financing Rate (BFR) is assumed at 6.72% p.a. while the spread is at 1.50% p.a.**

[BFR (as at 5 May 2023) is 6.72% p.a. Kindly refer to Bank Islam's website at <https://www.bankislam.com/deposit-financing-rates/> for the latest BFR.]

Note: The above example is only for illustration purpose and it may not show the actual financing obligation.

4. WHAT ARE MY OBLIGATIONS?

Business Cash Line-i (BCL-i)

- On monthly basis, you are required to pay the Bank's Profit based on the utilisation amount which is computed based on prevailing Bank's Effective Profit Rate, which will not exceed the Contracted Profit Rate (CPR).
- 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.

Multi Trade Facilities

As per the respective Trade products

5. WHAT ARE THE FEES AND CHARGES THAT WE HAVE TO PAY?

Type of Fess and Charges	Description
Stamp Duty	As per Stamp Duty Act 1949 (Revised 1989)
Legal fee as charged by the solicitor (if applicable)	Legal fee & disbursement including solicitors fee for preparing financing documentation, registration of charge, land search and bankruptcy search (where applicable).
<i>Tawarruq</i> Agency fee	RM50.00 for every <i>Tawarruq</i> transaction.
Guarantee Fee as charged by SJPP	Up to 1.00% per annum applicable to Sole Proprietorship/ Partnership only, and any exceptions are to be requested on a case-to-case basis.
Takaful contribution as imposed by Takaful operators / company (Optional)	As per the contribution amount required by the Takaful operators to cover the whole outstanding financing amount in the event of death or total permanent disability (TPD) of the customer.
Cancellation of the facility	Customer needs to pay the Bank all costs (if any) for the preparation and registration of securities 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 and /or demand notices. The Bank shall exercise its right on any security pledged with the Bank and you are to bear all the costs 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.

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).

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* shall be in such manner as approved by Bank Negara Malaysia (BNM) from time to time.

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:

- 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 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?

1) 1st/ 3rd party charge over cash deposit for Advance Performance Guarantee / Performance Guarantee/ Sinking Fund

2) Support letter:

- a) Deed of Assignment (DOA) by way of contract proceed; and
- b) Other supporting letter:

- 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);

3) Private Limited Company (Sdn. Bhd.)

Joint and Several Guarantee (JSG) by the following individual:

- i) Directors of the company;
- ii) Shareholders holding more than thirty percent (30%) of the share capital;
- iii) Key man / person regardless of the shareholdings and directorship

4) Corporate Guarantor holding more than 50% of the share capital of the customer

5) Partnership

Letter of Indemnity/ Undertaking, whichever is applicable

6) 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 designated Non Checking Current Account (NCCA) maintained with the Bank.

7) 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.

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

29th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

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

Bank Islam Malaysia Berhad

17th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur
Tel: 03-26 900 900
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 counselling, financial education and debt restructuring. 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 your 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

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
Website: www.bankislam.com

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

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



Assuring Trust. Delivering Value.

The information provided in this Product Disclosure Sheet is valid as at 6 February 2025

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date:

