

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you apply and decide to accept the SME Automation & Digitalisation Facility (ADF). 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)]

SME Automation & Digitalisation Facility (ADF)

Date:

1. WHAT IS THIS PROGRAM ABOUT?

- SME Automation & Digitalisation Facility (ADF) is a financing program aims to encourage Small and Medium Enterprises (SMEs) across various sectors to automate processes and digitalize operation to increase productivity and efficiency.
- In April 2023, Bank Negara Malaysia (BNM) announced an additional allocation of RM500 million and the availability period has been extended until full utilisation of the SME Automation and Digitalisation Facility (ADF).
- ADF is offered under Business Financing-i (BF-i) product based on Tawarruq at fixed rate.

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 per below: -

- Customer purchases 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, 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 executed <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	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 <i>Murabahah</i> sale) by way of agreed payment terms

3. WHAT DO WE GET FROM THIS PROGRAM?

No.	Features	Details
1.	Fund Size	RM1.5 billion (inclusive of additional allocation of RM500 million)
2.	Financing Product	Business Financing-i (BF-i)
3.	Financing Type	Term Financing
5.	Financing Amount	<ul style="list-style-type: none"> Up to RM3 million per SME, including financing to any related companies of the SME with common shareholder(s) <p>Note: A collective financing limit is applicable for SMEs with common shareholder(s) of equal to or more than 20% shareholding.</p>
6.	Financing Purpose	<ul style="list-style-type: none"> Purchase of equipment, machinery, computer hardware and software, IT solutions and services, technology support services and other intangible assets to enhanced productivity and efficiency (SMEs involved in the production and supply on activities/ project as stated is not eligible). <p>Note: Legal documentation cost and agency fee to be included into the financing. Financing shall not be used for the following activities:</p> <ol style="list-style-type: none"> Refinancing of existing credit/ financing facilities; Purchase of shares; Purchase of land/ real estate investment; Property development; Investment by investment holding companies; Activities where the stock in trade is money (including credit, leasing, factoring and insurance businesses), except for money changing operators; Gambling, alcohol, tobacco or other similar activities/ products; and Shariah non-compliant activities
7.	Margin of Financing	Up to 100% of claim Invoice amount and supplier Invoice amount
8.	Profit Rate	Up to 4.0% p.a fixed rate (inclusive of 0.5% guarantee fees)
9.	Tenure	Up to 10 years
10.	Collateral	Not required
11.	Guarantee coverage	80% guarantee cover at 0.5% p.a. guarantee fee by Syarikat Jaminan Pembiayaan Perniagaan (SJPP).
12.	Security	<p>For Sdn Bhd:</p> <ul style="list-style-type: none"> Joint and several guarantee (JSG) by the following individual: <ol style="list-style-type: none"> Directors of the company; Shareholders holding more than thirty percent (30%) of the share capital; Key man/person regardless of the shareholdings or directorship. Corporate Guarantor holding more than fifty percent (50%) of the share capital of the Customer.

		For Partnership:	
		▪ Letter of Indemnity/Undertaking, whichever is applicable	
The sample calculation is illustrated below:			
Financing Amount	: RM 3,000,000.00	Payment (beginning on 1 th month until 120 th month)	: RM 35,000.00
Bank's Profit Rate	: 4.00% per annum	Total Profit	: RM 1,200,000.00
Tenure	: 10 years	Bank's Sale Price	: RM 4,200,000.00

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 obliged to pay the monthly instalment as approved by the Bank.

Example (based on question 3 above)

- Your monthly instalment is fixed at RM 35,000.00
- Total payment amount at the end of 10 years is RM 4,200,000.00
- You are obliged to pay the monthly installment starting from the 1st 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?

Type of Fee	Description
Stamp Duty	As per Stamp Duty Act 1949 (Revised 1989)
Legal fee	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.
Takaful fee	If applicable
Cancellation of the facility	You are required 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: -

- **Upon 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 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 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 rebate (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 shall be in such manner as approved by Bank Negara Malaysia from time to time.

7. WHAT IF WE 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:**

$$\text{Ibra' / Rebate on early settlement} = \text{Deferred Profit}$$

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. DO WE NEED A GUARANTOR OR COLLATERAL?

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

10. 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.

11. 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
Relationship Manager: (to be filled by our RM's)
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

- 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:

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: <http://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

12. 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.

PRODUCT DISCLOSURE SHEET
SME Automation & Digitalisation Facility (ADF)



Assuring Trust. Delivering Value.

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.

The information provided in this Product Disclosure Sheet is valid as at 13 February 2024.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date:

