

PRODUCT DISCLOSURE SHEET

<p>Please be reminded to read and understand this Product Disclosure Sheet before you decide to take up Factoring-i. Be sure to also read and understand the final terms and conditions which will be documented in the Letter of Offer (“LO”) and Factoring-i Agreement. You are hereby reminded to always seek and obtain your own independent legal advice. Kindly seek clarification from AmBank Islamic Berhad’s authorised representative if you do not understand any part of this document or the general terms stated herein.</p>	<p>AmBank Islamic Berhad</p> <p>Factoring-i Domestic Recourse Factoring-i (“DRF-i”)</p> <p>Date: 01 September 2023</p>																		
<p>1. What is this product about?</p> <p>Factoring-i is a transaction in which a business entity (“Client”) sells its accounts receivable, or invoices, to a third-party financial institution or factoring house (“Factor”) on a short-term period. This is done so that the business entity can receive cash more quickly than it would by waiting for the payment to be received on credit terms extended to its customer (“Customer”).</p> <p>There is a few types of Factoring-i such as DRF-i. DRF-i is a factoring facility with recourse to the Client. The customer is notified of the factoring arrangement.</p>																			
<p>2. What are the Shariah concepts applicable?</p> <p>The Shariah concept applicable for DRF-i is <i>Bai’ Dayn</i>. <i>Bai’ Dayn</i> is a sale of debt.</p>																			
<p>3. What does Client get from this product?</p> <p>(a) Tenure: Up to 180 days (b) Profit Rate structure: Fixed (one-time benchmark against Base Financing Rate (“BFR”)) (c) Margin of Financing: Up to 80% of the invoice value (d) Currency: Malaysian Ringgit</p> <p><u>Formula for Purchase Price (financing amount) calculation:</u> Purchase Price = Invoice value (principal) x Margin of Financing</p> <p><u>Formula for profit amount calculation:</u> Profit Amount = Purchase Price x Profit Rate x Tenure / 365*</p> <p>Note: *Day count convention shall follow leap year.</p> <p>Illustration:</p> <table border="1" data-bbox="261 1362 1091 1669"> <tr> <td>Invoice Value (Principal)</td> <td>RM100,000</td> </tr> <tr> <td>Margin of Financing</td> <td>80%</td> </tr> <tr> <td>Purchase Price</td> <td>RM80,000</td> </tr> <tr> <td>Tenure</td> <td>90 days</td> </tr> <tr> <td>Profit Rate</td> <td>7.25%</td> </tr> <tr> <td>Day count in a year</td> <td>365 days</td> </tr> <tr> <td>Profit Amount</td> <td>RM1,430.14</td> </tr> <tr> <td>Factoring Charges Rate</td> <td>1.0% of the invoice value</td> </tr> <tr> <td>Factoring Charges Amount</td> <td>RM1000</td> </tr> </table> <p>Disbursement Amount = Purchase Price less Factoring Charge less other charges (if applicable)</p>		Invoice Value (Principal)	RM100,000	Margin of Financing	80%	Purchase Price	RM80,000	Tenure	90 days	Profit Rate	7.25%	Day count in a year	365 days	Profit Amount	RM1,430.14	Factoring Charges Rate	1.0% of the invoice value	Factoring Charges Amount	RM1000
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4. What are Client's roles and obligations?

- (a) You are required to notify Customer on the Factoring-i arrangement.
- (b) In the event of non-payment by Customer, AmBank Islamic has recourse on you for the unpaid bills/invoices.
- (c) You are required to ensure sufficient funds in your current account with us to debit the applicable fees and charges.
- (d) You are required to ensure your assets/goods in the invoices are Shariah-compliant.
- (e) You are required to ensure your Factoring-i limit is active and adequate for utilisation.

5. What are Customer roles and obligations?

The Customer is required to pay the invoices/bills at maturity.

6. What are the fees and charges Client has to pay?

No.	Type of Fees and Charges	Tariff
1	Stamp Duty	As per Stamp Duty Act 1949 (Revised 1989)
2	Factoring Charge Rate	1.0%* of the invoice value
3	Disbursement to a third party	RM50* per transaction
4	Request for statement by Client / Customer	RM20* per statement

*The fees and charges are exclusive of any taxes, including but not limited to, goods and services tax, value added tax, consumption tax, consumer tax, indirect tax, service tax, sales tax, duties, levies or any other taxes ("Taxes") which may now be or hereafter be imposed by the Government of Malaysia

7. What if Client fails to fulfill its obligations?

- (a) On due date, you agree and acknowledge that AmBank Islamic shall be entitled to impose and demand from you the late payment charges for the failure of you to make:
 - i) Payment of any sum covenanted to be paid by you to AmBank Islamic; and/or
 - ii) Payment upon expiry or cancellation of Factoring-i

at the rates mentioned in the table below:

No.	Applicable Period	Late Payment Charges Rate	On the Amount
1	Prior to maturity date	1% per annum calculated on daily basis.	On the outstanding balance, to be calculated from the date of cancellation until full settlement of the outstanding balance.
2	After maturity date	Islamic Interbank Money Market ("IIMM") rate per annum calculated on daily basis.	On the outstanding balance, to be calculated from the date of maturity until full settlement.
3	After AmBank Islamic had obtained court judgment against the customer	At IIMM rate per annum calculated on daily basis from the date of court judgment to the settlement date.	On the outstanding balance (excluding legal costs and late payment charges as stated in the judgment), to be calculated from the date of judgment until full settlement of the judgment sum.

Note:

- i. Late payment charges shall not be compounded.
- ii. Total late payment charges shall not be more than the outstanding principal.
- iii. Late payment charges and method of calculation thereof are subject to change as may be prescribed by Bank Negara Malaysia.
- iv. Outstanding balance refers to outstanding principal and earned profit.
- v. Late payment charges are cumulative and subject to the applicable period.

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- (b) Right to set-off: AmBank Islamic has the right to utilise any credit balance in your account(s) maintained with us to settle outstanding amount under any facilities with AmBank Islamic. However, the set-off amount shall be notified to you prior to the set-off being effected.
- (c) AmBank Islamic has the right to commence legal action against you and guarantor (if any) and/or liquidate/foreclose the collateral provided (if any). Such legal actions include not limited to bankruptcy/winding up proceedings (if the outstanding amount reaches a certain limit). Repercussions of being adjudged a bankrupt/wound up may result in the hearing and confiscation of your assets.
- (d) Legal action against you may affect the credit rating leading to credit being more difficult or expensive.

8. What if Client fully settles the facility before its maturity?

In case of full payment before the maturity, *ibra'* (*rebate*) may be given to you.

9. What are the major risks?

- (a) In the event of non-payment by Customer, AmBank Islamic has recourse on you for the unpaid bills/invoices.
- (b) AmBank Islamic may take legal action if you do not keep up with your payment.

10. Does Client need a guarantor or collateral?

- (a) A guarantor(s) is to be provided if required.
- (b) Collateral is to be provided if required and must be acceptable to Shariah.

Note: The requirements above are depending on your creditworthiness.

11. What does Client need to do if there is change(s) to contact details?

It is important that you inform us of any change in your contact details to ensure all correspondences reach you in a timely manner. For assistance, you may contact / notify in writing to your respective Relationship Manager.

12. Where can Client get assistance and redress?

- If you wish to complain on the products or services provided by us, you may contact us at:
- If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK at:

AmBank Islamic Contact Centre
P.O Box No. 12617, 50784 Kuala Lumpur
Tel: (603) 2178 8888
Email: customercare@ambankgroup.com

Blok D, Bank Negara Malaysia,
Jalan Dato' Onn,
50450 Kuala Lumpur.
Tel: 1-300-88-5465
Fax: 03-2174 1515
Website: bnmlink.bnm.gov.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 on money management, credit counselling, financial education and debt restructuring for individuals. You may contact AKPK at:

Level 5 & 6,
Menara Aras Raya
(Formerly known as Menara Bumiputera Commerce)
Jalan Raja Laut, 50350 Kuala Lumpur
Tel: 03-2616 7766
E-mail: enquiry@akpk.org.my

13. Where can Client get further information?

For details of benefits, fees and charges, you can visit www.ambankgroup.com

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<p>14. Other Islamic trade products available:</p> <ul style="list-style-type: none"> • Trust Receipt-i • Accepted Bills-i • Invoice Financing-i • Foreign Currency Trade Financing-i • Confidential Factoring-i • Back to Back Factoring-i • Sales Ledger Maintenance-i • Export Credit Refinancing-i 	<ul style="list-style-type: none"> • Outward Bills Purchased-i • Credit Bills Negotiation-i • Letter of Credit-i • Bank Guarantee-i • Standby Letter of Credit-i • Shipping Guarantee-i • Inward Bills for Collection-i • Outward Bills for Collection-i
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IMPORTANT! YOUR COLLATERAL MAY BE LIQUIDATED IF YOU DO NOT KEEP UP WITH YOUR PAYMENTS

The information provided in this product disclosure sheet is valid from **01 September 2023** until the next update. Kindly visit www.ambankgroup.com for the latest information.

All calculations and rates above are for illustration purpose only. Terms and conditions apply.

Disclaimer: The actual amount of the facility to be provided by AmBank Islamic Berhad is dependent upon your credit evaluation by AmBank Islamic Berhad. The transmission of this Product Disclosure Sheet to you does not create any obligation by AmBank Islamic Berhad to grant you any facilities.

I /We duly acknowledge that the key contract terms and my/our financial obligations under this financial product had been adequately explained to me by the authorised representative of AmBank Islamic Berhad.

Name:
NRIC No:
Date:

Or

For and on behalf
Registration No:

(Authorised signatory/ Director)
Date: