

PRODUCT DISCLOSURE SHEET

Please be reminded to read and understand this Product Disclosure Sheet before you decide to take up Invoice Financing-i. Be sure to also read and understand the final terms and conditions will be documented in the form of Letter of Offer (“LO”) and/or facilities 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.

AmBank Islamic Berhad

Invoice Financing-i

Date: 01 September 2023

1. What is the product about?

Invoice Financing-i (“IF-i”) is a trade facility (“Product” or “Facility”) offered by AmBank Islamic (“the Bank”) to finance trade-related goods and services, either under sales or purchases in Ringgit Malaysia or foreign currency. The trade-related goods and services financed must be Shariah-compliant.

2. What are the Shariah concepts applicable?

The principal Shariah concept applicable is *Tawarruq* (tripartite sale) with Shariah concepts of *Wa’d* (promise), *Wakalah* (agency) and *Murabahah* (cost-plus sale) embedded in the *Tawarruq* arrangement.

Tawarruq refers to two sale and purchase contracts. The first contract involves the sale of an asset by a seller to a purchaser on a deferred payment basis, followed by the second contract in which purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.

The *Tawarruq* arrangement shall entail the following steps:

- By a purchase request and undertaking issued by you, at your request, the Bank will purchase commodity from third party commodity supplier at cost price which is equivalent with the Facility amount.
- thereupon, by a murabahah sale contract, you will purchase from the Bank the commodity at the price equivalent to commodity cost price plus the Bank’s profit (“Asset Sale Price”) on deferred payment basis. You are entitled to request the Bank to sell the Commodity in market for cash or, to take physical delivery of the commodity at your own cost and expenses.
- If you intend for the Bank to sell the Commodity in market for cash, the proceeds of the sale will be disbursed to you in accordance with the terms and conditions of the Facility.
- In undertaking your aforesaid roles you may appoint the Bank to act as your agent to purchase on your behalf commodity from the Bank at the Asset Sale Price and thereafter for the Bank to act as your agent to sell the commodity for cash to any third party in the market.
- The murabahah sale contract in the *Tawarruq* arrangement will be executed prior to each utilisation of the Facility.

Type of commodity used: Shariah-compliant commodity traded in a commodity trading platform as approved by the Bank.

3. What do I get from the product?

- (a) Tenure: Up to 365 days
- (b) Profit Rate structure: Fixed (one-time benchmark against Base Financing Rate (“BFR”) / Islamic Cost of Fund (“ICOF”)
- (c) Financing amount: Minimum financing amount is RM20,000 or its equivalent in other major currencies per utilisation.
- (d) Asset Sale Price

Formula for Asset Sale Price calculation:

Asset Sale Price = Purchase Price (Principal/financing amount) + profit amount

Formula for profit amount calculation:

Profit Amount = Purchase Price x profit rate x tenure / 365*

Note:

*Day count convention shall follow leap year and denominated currencies.

Illustration:

Purchase Price (Principal/financing amount)	RM50,000
Profit rate	4.5% p.a.
Tenure	90 days
Day count in a year	365
Profit Amount	RM554.79
Asset Sale Price	RM50,554.79

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4. What are my roles and obligations?

- (a) You are required to ensure Asset Sale Price is settled on maturity date.
- (b) You are required to ensure sufficient funds in your current account with us to debit payment of the financing and applicable fees and charges.
- (c) You are required to ensure IF-i limit is active and adequate for utilisation.

5. What are the fees and charges I have to pay?

No.	Type of Fees and Charges	Tariff
1	Commodity trading fee	<ul style="list-style-type: none"> • For financing tenure of 7 to 21 days: RM5 per RM1 million transaction; • For financing tenure of 22 days and above: RM6 per RM1 million transaction; <i>or any other brokerage fee charged by other trading platform and to be shared equally between the Bank and customers.</i>
2	SWIFT Charges	For customer's account <ul style="list-style-type: none"> • Within Malaysia: RM20 flat • Outside Malaysia: RM40 flat For foreign counterparty's account - USD20 equivalent
3	RENTAS Payment / Interbank GIRO	RM2 flat
4	Postage / Registered post	<ul style="list-style-type: none"> • Within Malaysia: RM5 flat • Outside Malaysia: RM20 flat
5	Courier Services	<ul style="list-style-type: none"> • Within Malaysia: RM15 flat • Outside Malaysia: Subject to destination
6	Stamp Duty	<ul style="list-style-type: none"> • As per Stamp Duty Act 1949 (Revised 1989)

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.

6. What if I fail to fulfill my obligations?

- (a) In the event you refuse or fail to purchase the Commodity from the Bank after the Bank acting at your request, has incurred its costs in purchasing such Commodity from Commodity supplier, you shall be held liable for the breach of your undertaking and you shall compensate the Bank for all the actual costs incurred by the Bank in the purchase of the commodity, its disposal to a third party and the shortfall between the disposal price and the purchase price (if any).
- (b) In the event that you refuse or fail to perform your financial obligations to pay or such other obligations under the Facility, the Bank shall be entitled to declare an event of default whereupon the Facility will be terminated and you shall pay the Bank all outstanding amount under the Facility.
- (c) In addition to the above, in the event that you refuse or fail to pay any amount on its due dates, you shall pay the Bank late payment charges on such amount due and unpaid at the following rates:

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 the Bank 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.
- (d) Right to set-off: The Bank has the right to set-off any credit balance in your account(s) maintained with the Bank to settle any payment in arrears under the Facility subject to prior notice to you.

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- (e) The Bank has the right to commence legal action against you and guarantor (if any) and/or liquidate/foreclose the collateral provided (if any) to recover any amount due but unpaid under the Facility. 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.
- (f) Any legal action commenced against you may affect your credit rating which leads to credit being more difficult or expensive.

7. What if I fully settle the Facility before its maturity?

In case of full payment before the maturity, *ibra'* (rebate) over the deferred profit (unaccrued profit) will be given. The *ibra'* (rebate) to be granted will be reduced by the Bank's Early Settlement Charges ("ESC") rate, which will be calculated based on the following formula:

$$ESC = \frac{p \times r \times t}{365}$$

p = Principal balance outstanding

r = ESC rate per annum

t = Number of remaining days of the tenure of the Facility (or profit period)

Note:

- i. Total ESC amount will not exceed the remaining deferred profit.
- ii. The maximum period for computation of "t" is only up to 365 days.
- iii. Subject to the Bank's prevailing ESC rate

8. Do I need any takaful coverage?

Yes, takaful coverage is required to adequately protect your asset against such risk of perils. When required by the Bank, you shall take Takaful coverage with any reputable takaful company acceptable by the Bank.

9. What are the major risks?

- (a) Fixed Rate
The Product is offered with a fixed rate basis. Therefore, no impact on the movement of the Bank's BFR/ICOF. In circumstances where the prevailing rate is lower than agreed fixed rates, you are bound to pay at the contracted rate.
- (b) The Bank may take legal action if you do not keep up with your payment.
- (c) *You may be exposed to all foreign exchange conversion of fluctuation risks, rates and losses*

10. Do I 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 do I need to do if there is change(s) to my 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 I get assistance and redress?

- If you wish to complain on the Product 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

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13. Where can I get further information?

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

14. Other Islamic trade products available:

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| <ul style="list-style-type: none"> • Trust Receipt-i • Accepted Bills-i • Foreign Currency Trade Financing-i • Domestic Recourse Factoring-i • Confidential Factoring-i • Sales Ledger Maintenance-i • Back-to-Back Factoring-i • Export Credit Refinancing-i | <ul style="list-style-type: none"> • Outward Bills Purchased-i • Credit Bill 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 financing 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: