

# **Commodity Murabahah Term Financing-i Product Disclosure Sheet**

<b>PRODUCT DISCLOSURE SHEET</b>  Please read this Product Disclosure Sheet (PDS) before you decide to apply for Commodity Murabahah Term Financing-i. If your application has been approved, kindly ensure that you have read the terms in the letter of offer before accepting the Bank's offer for the facility. Please consult your relationship manager if you require clarification on the terms.	<b>Alliance Islamic Bank Berhad ("Bank")</b>  <b>Product name: Commodity Murabahah Term Financing-i</b>  <b>Date:</b>
<b>1. What is this product about?</b>	
A long-term financing product offered to business entities for the following purposes: <ul style="list-style-type: none"> <li>• Asset acquisition;</li> <li>• Construction of a property;</li> <li>• Project financing;</li> <li>• Refinancing other financing facilities; or</li> <li>• Any other purpose approved by the Bank.</li> </ul>	
<b>2. What is the Shariah contract applicable?</b>	
<ul style="list-style-type: none"> <li>• The Shariah contract applicable is Murabahah via Tawarruq also known as Commodity Murabahah. Murabahah refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser. Tawarruq refers to two sale and purchase contracts where the first contract involves the sale of an asset to a purchaser on a deferred basis and the subsequent sale involves sale of the asset to a third party on a cash and spot basis.</li> <li>• The sale and purchase contracts are carried out via a "dual-agency" arrangement. The Customer as principal shall appoint the Bank as agent via an Agency Appointment document (Wakalah contract) to: a) purchase commodities from the Bank; and b) sell the commodities to a third party on spot payment terms.</li> <li>• The Bank purchases commodities from a supplier and subsequently enters into a Murabahah Contract with the customer for the sale of commodities to the customer on deferred payment terms at the Bank's Selling Price. Thereafter, the customer sells the same commodities to a third party on spot payment terms.</li> <li>• Once the Tawarruq has been completed, the proceeds from the sale of commodities to the third party will be released to the customer.</li> <li>• The sale and purchase transactions shall be effected through the Bank's approved commodity trading platform. The underlying asset for the sale and purchase transactions is Shariah compliant commodities (crude palm oil, London Metal Exchange metals, Platinum Group metals and other Shariah compliant commodities approved by the Bank).</li> </ul>	
<b>3. What do I get from this product?</b>	
Facility Limit	RM _____
Financing Tenure	_____ months
Effective Profit Rate (Prescribed Rate)	Base Financing Rate* ("BFR") / Cost of Funds* ("COF") + Profit Spread  The Effective Profit Rate may either be variable or fixed throughout the tenure of the facility.  <i>*Note:          The Bank's current BFR is X.XX% p.a..... effective ....          The Bank's prevailing COF.</i>
Ceiling Profit Rate	15% (Applicable for variable rate financing only)
Bank's Selling Price	RM _____  <b>Formula:</b> a) Annuity Factor (AF) = $\frac{i(1+i)^n}{(1+i)^n - 1}$  Where, i = Ceiling rate n = Total number of periodic payments  b) Periodic Payments (PR) = AF x FA  Where, FA = Financing Amount  c) Selling Price = PR x n  Illustration:

	<b>Contracted Profit Rate</b> <ul style="list-style-type: none"> <li>Bank's Purchase Price : RM1,000,000 (Cost of Financing)</li> <li>Ceiling Profit Rate : 12%</li> <li>Payment Period : 10 years</li> <li>Bank's Selling Price: RM1,721,640.00</li> </ul>	<b>Effective Profit Rate (EPR)</b> <ul style="list-style-type: none"> <li>Bank's Purchase Price : RM1,000,000</li> <li>Profit Rate : BFR + 1% p.a (BFR : 7% p.a)</li> <li>Payment Period : 10 years</li> <li>Payment Amount (on EPR): RM11,610.85</li> </ul>
Note: The above example is only for illustration. The final sale & purchase prices, rates & tenure will be based on the Bank's credit evaluation.		

#### 4. What are my obligations?

##### **Payment of Principal and Profit (Selling Price)**

The principal shall be paid in instalments monthly, quarterly or semi-annually or in one lump sum at the end of the financing period (bullet payment). Profit may either be paid separate from the principal amount or together with the principal based on the principal instalment payment schedule.

##### **Payment of Profit**

Profit may either be paid separate from the principal amount on a monthly, quarterly or semi-annual basis or together with the principal based on the principal instalment payment schedule.

If the principal and profit are paid together as periodic instalments, the instalment amounts are subject to changes in the Effective Profit Rate (if it is variable) due to potential fluctuations of the BFR and changes to the Bank's COF.

##### **Utilisation of CMTF-i for Shariah compliant purposes**

The financing must not be utilised for Shariah prohibited business activities. (Examples: Activities involving alcohol, gambling, pig farming, pork-related products). For more information on Shariah prohibited activities, please enquire from any of our relationship managers.

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

The following are the salient fees and charges applicable for the facility:

<b>Fees and Charges</b>	<b>Details</b>
Early Settlement Charges*	Up to 3% of the original financing amount
Prepayment Fee	Nil
Abortment Fee for cancellation of application after acceptance	Nil
Brokerage Fee	Fees payable to the commodity trade service provider for commodity trading performed prior to disbursement of the financing. Unless notified by the Bank in writing to the customer, this fee will be borne by the Bank.

##### **Note:**

\*Not applicable for SME customers.

Unless otherwise specified herein, the Bank's charges exclude any current taxes and future taxes (if any) that may be imposed under the relevant legislation. Should any of such taxes be implemented in the future and whenever applicable, the Bank will be entitled to recover such taxes from you. You will be notified of any changes to the fees and charges at least twenty one (21) calendar days prior to the effective date(s) of such changes.

#### 6. What if I fail to fulfil my obligations?

Late Payment Charges (LPC) will apply which will increase the total outstanding due to the Bank.

LPC is calculated as follows:

- During the financing tenure up to the maturity date – Late payment charges at the Bank's actual cost up to a rate not exceeding 1% per annum or such other maximum rate prescribed by Bank Negara Malaysia on the overdue amount accruing from the due date up to the date of settlement.
- In the case of default causing the entire Facility to be recalled or brought to court for judgement prior to maturity – Late payment charges at the Bank's actual cost up to a rate not exceeding 1% per annum or such other maximum rate prescribed by Bank Negara Malaysia on the outstanding balance (outstanding principal and accrued profit) accruing from the due date up to the date of settlement or judgement (whichever is earlier).
- After maturity – Late payment charges at the Bank's actual cost up to a rate not exceeding the prevailing daily overnight Islamic Interbank Money Market (IIMM) rate prescribed by Bank Negara Malaysia on the outstanding balance (outstanding principal and accrued profit).

- (iv) Facility presented to the court for judgement - Late payment charges at the current prevailing IIMM rate prescribed by Bank Negara Malaysia on the outstanding balance (which excludes outstanding uncollected late payment charges and other costs prior to judgement) from the date of judgement until the judgement sum is fully settled.

Notwithstanding the above, the amount of compensation shall not be compounded.

**Formula:**

Late Payment Charges ("LPC") = Outstanding amount x LPC rate x No. of days overdue / 365 days

**Example:**

Monthly instalment	RM1,422
LPC rate	1% p.a.
LPC on November instalment in arrears	RM1,422 x 1% x 30/365 = RM1.16
LPC on December instalment in arrears	RM1,422 x 1% x 31/365 = RM1.20
Accumulated LPC (non-compounding)	RM1.16 + RM1.20 = RM2.36

- If any amount due for the facility remains unpaid for 3 consecutive months, your financing account shall be classified as Non-Performing Financing (NPF). This will affect your utilization of other banking facilities with the Bank.
- Right to set-off: The Bank has right to set-off any outstanding amount due from any of your deposit accounts maintained with the Bank with prior written notice.
- The Bank has the right to commence legal action against you and your guarantor (if any) and/or liquidate/foreclose the collateral provided (if any).

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

- The facility may be redeemed at any time prior to the maturity of the Facility subject to at least 1 month prior written notice given to the Bank.
- An early settlement fee of up to 3% on the original facility amount is payable for early termination of the facility (this fee is not applicable to SME customers).
- The Bank shall grant rebate (*ibra'*) on the settlement date based on the formulas as set out below in the event of any of the following scenarios:
  - Early redemption / settlement, where the customer has given prior written notice to the Bank;
  - Settlement due to restructuring of the Facility;
  - Settlement by customer where the Facility is in default / after the Bank executed foreclosure proceedings and auctioned the asset pledged as collateral;
  - Settlement by customer in the event of termination or cancellation of Facility before the maturity date.

**Formula**

Settlement Amount = Outstanding Facility Amount + Profit due – rebate (*ibra'*) + Late Payment Charges (if any) + Miscellaneous charges (if any)

Where:

Rebate (*ibra'*) = Deferred profit – Early Settlement Charges (if any)

Note:

The remaining unearned profit is equal to unrealized profit at the time of full settlement. The calculation of rebate (*ibra'*) shall be made in accordance with the Guidelines on *Ibra'* (Rebate) for Sale-Based Financing issued by Bank Negara Malaysia.

## 8. What are the major risks?

- For financing with variable Effective Profit Rate, the Base Financing Rate and Cost of Funds are subject to fluctuations which may vary the instalments to be paid. However, the profit rate increase is capped at the Ceiling Profit Rate.
- The Bank may take legal action if you do not honour your payment obligations to the Bank.

**Note:** If you are having difficulty in meeting your financing obligations, contact your relationship manager early to discuss payment options.

## 9. Do I need a guarantor or collateral?

The facility may either be offered as:

- (a) Unsecured; or

(b) Secured by the following:

- Property / land
- Cash / Alliance Term Deposit-i
- Conventional Fixed Deposit (only up to the principal amount)
- Shariah compliant shares / equities
- Guarantee
- Other collaterals acceptable to Shariah and approved by the Bank.

The security structure for the Facility is subject to the Bank's credit evaluation and approval.

#### 10. What do I need to do if there are changes to my contact details?

It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.

#### 11. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact your relationship manager as soon as possible to discuss payment alternatives. You may contact us at:

**Alliance Islamic Bank Berhad, Consumer Collections, 2<sup>nd</sup> Floor, 3 Alliance, 3 Jalan SS15/2A, 47500 Subang Jaya, Selangor.**  
**Tel: 03-5516 9988 Fax: 03-5516 9399 Email: info@alliancefg.com**

- 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 also join the "Program Pengurusan Wang Anda (POWER)" to help your credit management. The contact details and list of branches are on AKPK's website at <https://www.akpk.org.my/contact-us>

**Level 8, Maju Junction Mall, 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur.**  
**Tel: 03-26167766 Email: enquiry@akpk.org.my**

- If you wish to lodge a complaint on the products or services provided by the Bank, you may contact the Bank at:  
**Alliance Bank Malaysia Berhad, Group Complaints Unit, 4 Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur.**  
**Tel: 03-2604 3300 Fax: 03-2691 8229 Email: info@alliancefg.com**
- If your query or complaint is not satisfactorily resolved by the Bank, 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**
- You may also contact Financial Markets Ombudsman Services (FMOS) at:  
**Level 14, Main Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur.**  
**Tel: 03-2272 2811 Fax: 03-2272 1577 Email: enquiry@ofs.org.my Website: www.fmos.org.my**

#### 12. Where can I get further information?

If you would like to have more information about Commodity Murabahah Term Financing-i and/or our other products and services, please visit our Bank's website at <https://www.alliancebank.com.my/Islamic> or contact your business relationship manager.

#### 13. Other business products and services available

No.	Product/Service
1.	Islamic trade finance and services
2.	Cashline Facility-i
3.	Commodity Murabahah Revolving Credit-i
4.	Business Premise Financing-i
5.	Industrial Hire Purchase-i

#### 14. Disclaimer

This Product Disclosure Sheet is for information purposes and shall not be construed as an obligation by the Bank to grant facilities to you. The terms herein are subject to the Bank's credit evaluation and approval.

The information provided in this product disclosure sheet is valid as at [to insert date].

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT HONOUR YOUR PAYMENT OBLIGATIONS FOR THE FACILITY.**

**ACKNOWLEDGEMENT BY CUSTOMER:**

I/We acknowledge that I/we have read and understood the features of the product, its salient terms and the obligations attached to it. I/we understand that this product disclosure sheet is only for information purposes and shall not be construed as an offer by the Bank or an obligation by the Bank to grant any facilities to us.

---

Name:

Date: