



ALLIANCE BANK

ALLIANCE ISLAMIC BANK

Invoice Financing-i Product Disclosure Sheet

PRODUCT DISCLOSURE SHEET (Please read this Product Disclosure Sheet before submitting your application for Invoice Financing-i (IF-i). The final terms and conditions will be documented in the Letter of Offer and the terms and conditions attached to it.)	Alliance Islamic Bank Berhad (“Bank”) Product Name: Invoice Financing-i (IF-i) Date: _____															
1. What is this product about?																
<ul style="list-style-type: none"> • Invoice Financing-i (“IF-i”) is a Shariah compliant trade financing facility to finance the purchase and sale of trade related goods, services and intangibles such as freight charges and utilities. • IF-i may be used to finance the following: <ul style="list-style-type: none"> - trade-related goods, fuel, consumables or such other raw materials in the course of generating goods or services acceptable to the Bank; - services such as freight charges, transportation services, warehouse services and other intangibles such as advance payment, customs, duties and taxes, overheads, utilities and wages. - any other goods or services or intangibles acceptable to Shariah and approved by the Bank. 																
2. What is the Shariah concept applicable?																
<ul style="list-style-type: none"> • The main underlying Shariah contract for IF-i is <i>Murabahah</i> via <i>Tawarruq</i> and the applicable supporting Shariah contract is <i>Wakalah</i> (agency). <ul style="list-style-type: none"> - <i>Murabahah</i> refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser. - <i>Tawarruq</i> 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. - <i>Wakalah</i> refers to a contract where a party, as principal (<i>muwakkil</i>) authorizes another party as his agent (<i>wakil</i>) to perform a particular task on matters that may be delegated, with or without imposition of a fee. • To fulfil the Shariah contract requirements for IF-i, the Bank will enter into sale and purchase transactions involving Shariah compliant commodities (commodity trading) both as principal and as agent for the customer. The Bank will purchase commodities from a supplier at cost price (equivalent to the principal amount of the financing) and subsequently sell the commodities to the customer on deferred payment terms at the Bank’s <i>Murabahah</i> Sale Price (equivalent to the principal amount + profit). The Bank will then perform the following on the customer’s behalf: <ul style="list-style-type: none"> - accept the Bank’s offer for the sale of commodities; - sell the commodities to a third party purchaser at cost price. • The underlying asset for the above transactions shall be Shariah compliant commodities, i.e. crude palm oil and other palm products, rubber, cocoa, London Metal Exchange metals, platinum group metals and other Shariah compliant commodities approved by the Bank. 																
3. What do I get from this product?																
<ul style="list-style-type: none"> • Main features of IF-i: <table style="margin-left: 20px; border: none;"> <tr> <td style="padding-right: 10px;">Financing Amount</td> <td style="padding-right: 10px;">:</td> <td>No minimum or maximum financing amount.</td> </tr> <tr> <td>Profit Rate</td> <td>:</td> <td>Cost of Fund (COF)/Base Financing Rate (BFR) + Spread %</td> </tr> <tr> <td>Tenure of Financing</td> <td>:</td> <td>No minimum financing tenure. Maximum financing tenure is up to 180 days.</td> </tr> <tr> <td>Margin of Financing</td> <td>:</td> <td>Up to 100% of invoice value or part thereof.</td> </tr> <tr> <td>Profit Type</td> <td>:</td> <td>Fixed rate</td> </tr> </table> 		Financing Amount	:	No minimum or maximum financing amount.	Profit Rate	:	Cost of Fund (COF)/Base Financing Rate (BFR) + Spread %	Tenure of Financing	:	No minimum financing tenure. Maximum financing tenure is up to 180 days.	Margin of Financing	:	Up to 100% of invoice value or part thereof.	Profit Type	:	Fixed rate
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Profit Type	:	Fixed rate														

- Formula to compute profit:

$$\text{Profit} = \frac{\text{Financing Amount} \times \text{Profit Rate (\%)} \times \text{Financing Tenure (days)}}{\text{Actual No. of Days for the Particular Year}}$$

- Formula to compute selling price:

$$\text{Selling Price} = \text{Financing Amount} + \text{Profit}$$

- Illustration of profit and Selling Price computation:

$$\text{Profit} = \frac{\text{Financing Amount} \times \text{Profit Rate (\%)} \times \text{Financing Tenure (days)}}{\text{Actual No. of Days for the Particular Year}^*}$$

$$= \frac{\text{RM100,000} \times 5\% \times 60 \text{ days}}{365}$$

$$= \text{RM821.92}$$

$$\text{Selling Price} = \text{Financing Amount} + \text{Profit}$$

$$\begin{aligned} \text{Price} &= \text{RM100,000} + \text{RM821.92} \\ &= \text{RM100,821.92} \end{aligned}$$

**Note: 365 days for a non-leap year and 366 days for a leap year.*

4. What are my obligations?

- You are required to settle the financing amount plus profit ("outstanding balance") on the maturity date of the IF-i. You may partially settle the outstanding balance at any time during the tenure of the IF-i.
- You must ensure that there is sufficient balance in your current account for the Bank to debit for charges (if any) in relation to the financing transaction and for settlement of the outstanding balance.

5. What other charges do I have to pay?

- The following charges* will apply:
 - Stamp duty as required under the Stamp Duty Act 1949 (Revised 1989)
 - Commodity trading brokerage fee
 - SWIFT / Rentas Charges
 - Postage and courier charges (if any)

You may refer to the trade finance fees and charges on Alliance Islamic Bank website: <https://www.alliancebank.com.my/>.

* 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.

6. What if I fail to fulfil my obligations?

- Late Payment Charges (“LPC”) will apply:

In the event of default/non-payment after the maturity date of the Facility, the Bank shall collect late payment fees as compensation (ta’widh) at the Bank’s actual cost up to a compensation 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).

In the event of default/non-payment after the maturity date of the Facility, the Bank shall collect late payment fees as compensation (ta’widh) at the Bank’s actual cost up to a compensation 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).

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

Formula:

Late Payment Charges = Outstanding balance x LPC rate x No. of days overdue / 365 days

*Note: The date that the financing becomes immediately due and payable as a result of the Facility being recalled or brought to court for judgement.

Illustration of LPC computation:

Outstanding balance	RM100,821.92
LPC rate	1.72%
No. of days overdue	10 days
LPC amount	$\frac{\text{RM100,821.92} \times 1.72\% \times 10 \text{ days}}{365 \text{ days}}$ = RM47.51

LPC imposed will increase the outstanding balance due to the Bank.

- Right to set-off: The Bank has the right to set-off any credit balances in your account(s) maintained with the Bank against any outstanding balances under the facility with prior notice of at least 7 calendar days if you fail to settle the amounts due on their maturity dates.
- The Bank has the right to commence legal action against you and your guarantor (if any) if you fail to respond to our reminder notices for payment and you will have to bear all costs in relation thereto. The collateral (if any) securing the facility may also be liquidated or foreclosed to settle the overdue amount.
- Legal action against you may affect your credit rating and this will affect your ability to obtain additional facilities from banks.

7. What if I pre-pay or fully settle the financing before its maturity?

If you make a partial payment prior to the maturity of the financing (“pre-payment”) your liability will reduce accordingly as profit for the remaining tenure after pre-payment will be calculated based on the lower principal balance. If you fully settle the financing prior to maturity (“early settlement”) the Bank will not collect profit for the remaining tenure after settlement. The Bank will grant rebate (*ibra*) on the Selling Price (total obligation for the financing) due to the pre-payment/early settlement.

8. Do I need any takaful coverage?

Takaful may be required subject to the type of collateral charged to the Bank. If the collateral is a property, you are required to ensure that there is adequate fire takaful coverage for the property charged to the Bank.

9. Do I need a guarantor or collateral?

The Bank may require a guarantor to provide a guarantee for the facility or collateral from you to secure the facility. This is subject to the credit evaluation by the Bank.

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. Who can I contact for assistance?

- If you have difficulties in making payments, you should contact your relationship manager as soon as possible to discuss payment alternatives.
- Alternatively, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK). AKPK offers specialised solutions to help small and medium enterprises (SMEs) to manage their debt and promote sound financial management practices via their Small Debt Resolution Scheme (SDRS). AKPK's services can be accessed via their online channel at <https://services.akpk.org.my>.
- If you wish to make a complaint on the products or services provided by us, please inform your relationship manager or you may contact us at:

Alliance Bank Malaysia Berhad, Group Complaints Unit
7th Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel: 03-2600 1800; Fax: 03-26918229; Email: info@alliancefg.com

- If your query or complaint is not satisfactorily resolved by us, you can call 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 I get further information on products and services?

You may browse our website www.alliancebank.com.my for more information and to request for one of our relationship managers to contact you. If you already have an existing relationship manager, please get in touch with him/her to enquire more about our products and services.

13. Mode of disclosure / communication and on-going communication by the Bank

- The terms and conditions and fees and charges may be updated or revised from time to time. The Bank will provide at least twenty one (21) calendar days' notice prior to effecting such changes. Notification may either be given via:
 - SMS; and/or
 - email; and/or
 - announcement at the Bank's website; and/or
 - insertion in the statement of account ; and/or
 - any other means of notification which the Bank deems appropriate.
- You are reminded to visit our website at regular intervals so that you are kept up-to date on the latest fees and charges for your facilities.

14. Other types of Islamic trade products and services available

Below is a list of trade products/services offered by us:

- Murabahah Working Capital Financing-i
- Accepted Bills-i Purchase
- Accepted Bills-i Sales
- Murabahah Trust Receipt-i
- Export Bill Purchased/Discounted-i
- Export Bill Negotiated-i
- Export Credit Refinancing-i
- Letter of Credit-i
- Shipping Guarantee-i
- Bank Guarantee-i
- Import Bill Negotiated-i
- Import Bill for Collection-i
- Export Letter of Credit-i
- Export Documentary Collection-i

All calculations and information above are for illustration purposes only.

Disclaimer:- The actual amount of financing, tenure and profit rate to be provided for the facility is dependent on the credit evaluation by Alliance Islamic Bank. The transmission of this Product Disclosure Sheet to you does not create any obligation by Alliance Islamic Bank to grant you any facilities.

IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT MAKE PAYMENTS PROMPTLY.

The information provided in this product disclosure sheet is effective from October 2022.