

<p>PRODUCT DISCLOSURE SHEET (PDS)</p> <p>(Read this Product Disclosure Sheet before you decide to take up the product. Be sure to also read the General <i>Wakalah</i> Terms and Conditions of Deposit Products. Seek clarification from us if you do not understand any part of this document or general terms).</p>	<p>Bank Islam Brunei Darussalam Berhad (“BIBD”)</p> <p style="text-align: center;">Corporate Floating Tawarruq Term Financing</p> <p>The information provided in this product disclosure sheet is valid as of 13 February 2024</p>
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1. What is this product about?

- **Flexibility in Financing Periods and Use**

- This facility can be tailored for short, medium, or long-term periods depending on your requirements and ability to pay. The financing offers funding for various business needs, including acquiring business assets (e.g., equipment, machinery, and commercial property), purchasing of stocks, renovating, refinancing assets, or supporting other business needs. This financing is also suitable for development projects.

- **Disbursements and Grace Periods**

- Depending on the nature of the projects, the financing can be disbursed progressively (in stages) or as lump sum. A grace period, during which only profit payments are required, may also be granted to meet your business’s specific needs.

- **Fixed Selling Price based on Contracted Profit Rate (“CPR”)**

- Under this financing, the Bank sets the selling price at the beginning of the financing period, based on the CPR (e.g., 8%). This rate remains constant (fixed) for the entire financing period, ensuring that the selling price is the maximum amount you will need to pay under the financing, irrespective of periodical changes in the Effective Profit Rate (“EPR”).

- **Variable Effective Profit Rate (“EPR”)**

- The EPR will be variable or floating, calculated based on a formula detailed in item 8 of this document.

2. What is the applicable Shariah concept for this financing?

- This financing is based on the concept of *Tawarruq*, whereby the Bank will purchase Shariah-compliant commodities from a supplier at the financing amount and then sells that commodity to the Customer. After the Customer agrees to purchase the commodities at a marked-up price (*Murabahah*), on a deferred payment basis, the Customer as the owner of the commodities will be presented with two options:

- i. Appoint BIBD as a disposal agent (*Wakil*) to sell the commodities to a third party on the Customer’s behalf, where BIBD too will be the Customer’s payment agent to credit the sale proceeds and make payment arrangement agreed by the Customer, or
- ii. The Customer takes physical delivery of the commodities for the Customer to sell them himself and bear all associated costs such as transportation, taxes, storage etc.

- If the first option is selected, the Customer will obtain the financing amount from the sale of the commodities.

3. What commodities are being traded by BIBD?

- The commodities traded for this concept are Crude Palm Oil, Polyethylene (“PE”) and any other Shariah-compliant commodities approved by BIBD’s Shariah Advisory Body (“SAB”).

4. Who can apply?

- Local registered companies, either wholly or partially owned by citizens and permanent residents of Negara Brunei Darussalam are eligible to apply; or
- Companies looking to expand their business, diversify their product lines, upgrade equipment and machinery, or establish a new business venture are also eligible.
- Applicants must have an active and well-managed account with the Bank for a minimum period of six (6) months before they can be considered for a financing facility. Exceptions may be given to the following:
 - a) Solicited or preferred customers; and
 - b) Application fully secured by an investment deposit.
- The Applicants' business activities must be aligned with Shariah principles and the country's economic development policies.
- Businesses should be technically and economically viable and profitable, presenting a strong business proposition, with good prospects of achieving a profitable operation and debt servicing capabilities.

Note: The final approval entitlement of financing will be subject to BIBD's internal credit policies and assessment process.

5. What is the minimum financing amount?

- The minimum financing amount is BND 5,000.00.

6. What is the maximum financing amount?

- The Bank limits its financing to customers who may be considered part of a single group due to common ownership, management, or guarantees. Therefore, the Single Financing Limit ("SFL") is set at 20% of the Bank's net worth.
- For SFL calculation, certain financings are excluded, such as those:
 - Covered by lien on investment deposits with the Bank;
 - Covered by cash or any cash equivalent;
 - Fully guaranteed by the Government;
 - Secured by an unconditional standby Letter of Credit ("LC")/guarantee from an acceptable financial institution;
 - Under red clause LC issued from an acceptable financial institution;
 - Under an LC to the extent covered by marginal deposit.
- A "group" for single financing purposes includes entities where:
 - There is more than 50% majority ownership of paid-up capital by the same person or entity; and
 - The executive responsibilities are managed by the same person or group.

7. What is the maximum tenure?

- The maximum term granted by the Bank is up to one hundred and twenty (120) months, depending on the business requirement and situation.

8. What is the profit rate?

- The profit rate, ranging from 5.0% to 8.5% on an annual reducing balance (“arb”), is determined using the collateral-to-financing ratio and the customer’s credit rating.
- The profit rate assessment considers the following factors: -
 - a) The business and financial risk of the project;
 - b) The existence of security(ies) and its value; and
 - c) Credit rating of the client.

9. What does floating profit rate mechanism mean?

- A floating rate mechanism means that the profit rate may change throughout the financing tenure based on variations in the Base Financing Rate (“BFR”) of BIBD, but the profit rate charged will not exceed the Contracted Profit Rate (“CPR”).
- Under the concept of *Tawarruq*, the floating rate mechanism involves two rates:
 - **Effective Profit Rate (“EPR”)**
This rate determines customer’s financing entitlement, and the monthly payment amount will vary according to the variations in the BFR but shall not exceed the CPR.
 - **Contracted Profit Rate (“CPR”)**
This rate, also known as the ceiling rate, is the maximum rate chargeable and determines the selling price of customer’s financing at which commodities are sold to the customer.

10. Will the amount of monthly payments vary throughout the financing tenure?

- Due to the floating rate mechanism, monthly payment amounts may vary in response to fluctuations in the BIBD’s BFR.

11. What is the reference rate used for the floating rate mechanism?

- The reference rate used is the BFR of BIBD listed on the BIBD website www.bibd.com.bn. An increase in the BFR may result in a higher monthly payment amount. However, the profit rate charged will never be more than the CPR.

12. When does the applicant start paying the monthly payment?

- Monthly payments will be deducted from the applicants’ account with BIBD commencing one month after the financing is disbursed. For example, if the financing is disbursed in September, the monthly payment shall start in October.

13. What are the required documents to be submitted for the application?

- Each corporate financing proposal requires the following documents: -
 - a) General Documents: -
 - Application form and/or letter of application from the applicant;
 - Project proposal/Business plan;
 - Copies of identity cards of proprietors/directors/guarantors
 - Certificate of outstanding financing with BIBD or other Banks, if applicable;
 - Management Account (Balance Sheet/Profit and Loss);
 - Bank statements from other Banks, if applicable;
 - Projected cash flow statement;
 - Any other relevant documents

- b) Companies incorporated pursuant to the Companies Act (Chap.39) - Private Limited (Sendirian Berhad) / Limited Company [Public] (Berhad):
- Certificate of Incorporation
 - Return of Allotment of Shares
 - Particulars of Directors (Form X)
 - Company’s Resolution
 - Memorandum of Articles of Association
 - Latest Audited Financial Statement for the previous two (2) years
 - Latest Management Account, (if the latest audited financial statement is not available).
- c) Non-Incorporated Entities (Partnership, Co-operatives, Sole Proprietorship):
- Certificate of Registration (Extract of Business Name - Section 17 of the Business Name Act);
 - Authorization Letters (Partnership & Cooperatives)

14. Are there any other documents needed before the facility is approved?

- Additional documents maybe required during application processes such as:
 - a) Quotation for new assets or items to be purchased;
 - b) Contractor quotations for renovation works.

15. What security/collateral is required?

- Below is a table detailing acceptable security/collateral types and their respective values:

<i>Types of Security/Collateral</i>	<i>Value</i>
Investment Deposit in local currency placed with the Bank.	100%
Investment Deposit in local currency placed with BIBD At-Tamwil Berhad.	100%
Investment Deposit in foreign currency with the Bank* *Restricted for Singapore Dollar (“SGD”) and United States Dollar (“USD”) only.	75%
Surety bond/Counter indemnity from an accredited insurance company.	100%
Charge/Power of Attorney in respect of real estate property (Based on Forced Sale Value by an independent valuer).	75%
Assignment of lease right with an unexpired term of not less than 70% of the proposed financing period.	70%
Sukuk (Islamic Bond) (with BBB Investment Grade BBB or above).	75%
Company shares traded by IBB Securities Sdn Bhd (excluding shares of Bank Islam Brunei Darussalam Berhad).	25%
Vehicle ownership or first legal charge (i.e., Registration cards for the vehicle) Note: Value shall be based on the current vehicle price.	45%
Personal Continuing Guarantee (“PCG”).	Nil
Unconditional Standby Letter of Credit/Guarantee from an accredited correspondent bank or financial institution.	Nil

Assignment of documentary Export Bills drawn under Letters of Credit with or without discrepant documents.	Nil
Assignment of documentary Outward Bills of Collection not under Letter of Credit.	Nil
Deed of Debenture (i.e., Chattel Hypothecation Mortgaged - “CHM”) subject to: a) Verification of ownership; b) Verification of takaful or any acceptable forms of coverage which must be in favor of the Bank; c) Submission by client of list of assets covered by the deed, preferably with independent auditor’s certificate; and d) Submission by financing staff of report covering ocular inspection of assets.	Nil
Assignment of duly acknowledged receivables from Brunei Shell Companies and other acceptable Government Linked Companies (with confirmed payment certificate).	Nil
Assignment of duly acknowledged receivables from the Government (with confirmed payment certificate).	Nil

Note:

- a) For **PCG and/or assignment of receivable**, the guaranteed amount shall be the total net exposure of the approved financings.
- b) For **Deed of Debenture**, the guaranteed amount shall be based on the total exposure of the approved financings.

16. What are the Fees and Charges?

- The minimum fee of BND300.00 or 0.05% of the facility granted, whichever is higher, is collected upon the issuance of a Facility Offer Letter.

Note: Fees may be waived or discounted for fully secured financing or for valued clients at the Bank’s discretion.

17. What are the risks involved?

- Remember that this product may involve risks, and it is important that you fully understand these risks, as well as the terms and conditions, before entering into any financial agreement. By proceeding with this product, you acknowledge and accept these risks and terms.

18. Can I fully settle the financing before the maturity?

- Yes. The Bank offers Ibra’ (rebate) and the settlement amount is calculated as follows:

$$\text{Outstanding Sale Price} + \text{Charges (if any)} - \text{Ibra}' = \text{Settlement Amount}$$

19. How do we apply for the facility?

- Please visit our Corporate Banking Group at its Headquarters in Bandar Seri Begawan or our Kuala Belait Corporate Financing Unit to speak to our Relationship Managers; complete the Corporate Financing Application Form and submit the required documents.

20. What if I need Further Clarification or Assistance?

- This document is designed to provide you with essential information about our product in a clear and concise manner. However, it does not cover all aspects of the product. Therefore, it is imperative that you seek further information or clarification from us if there are any aspects of the document or the general terms that you do not fully understand or if you require more detailed information for your decision-making, you can also contact us at:

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Contact Centre : +673 223 8181
 Website : www.bibd.com.bn
 Email : cbd.ccm@bibd.com.bn (Corporate Client Management)

- For unresolved issues, please contact Financial Consumer Issues, Brunei Darussalam Central Bank (“BDCB”) via email at fcf@bdcf.gov.bn or visit their office at:

Level 7, Financial Consumer Issues
 Brunei Darussalam Central Bank
 Ministry of Finance and Economy Building
 Commonwealth Drive
 Bandar Seri Begawan
 Telephone: +673 238 0007

21. What other similar products are available?

- Naqd Financing
- Demand Financing
- Demand Line Financing
- Bank Guarantee

***If there are any inconsistencies, the English version of the Product Disclosure Sheet shall prevail over the Malay version.**

<p>I hereby confirm that I have explained the contents of the Product Disclosure Sheet to the Customer in their preferred language i.e., in English/Malay <i>(to delete where applicable)</i> and have addresses any questions they may have had.</p>	<p>I/We hereby confirm that I/we have received and fully understood the explanation provided by the Bank in English/Malay <i>(to delete where applicable)</i>. I/We acknowledge that all queries have been satisfactorily answered and I/we have been given the opportunity to seek any further clarification needed.</p>
<p>_____ Name: Staff ID: Date:</p>	<p>_____ Name: IC No.: Date:</p>