



Small Medium Enterprise Development  
Bank Malaysia Berhad (49572-H)

## PRODUCT DISCLOSURE SHEET

(Please read this Product Disclosure Sheet before you decide to take-up the Commodity Murabahah Term Financing-i (CMTF-i). Be sure to also read the terms in the Letter of Offer. Seek clarification from SME Bank if you do not understand any part of this document or the general terms)

### Commodity Murabahah Term Financing-i (CMTF-i)

Date : \_\_\_\_\_  
(to be filled by Relationship Management)

#### 1. What is this product about?

##### Commodity Murabahah Term Financing-i (CMTF-i)

CMTF-i is an Islamic term financing for fixed asset acquisition and/or working capital and is calculated based on a fixed or flat or variable rate basis.

#### 2. What is the Shariah concept applicable?

##### Commodity Murabahah via Tawarruq

Commodity Murabahah is Murabahah (cost-plus-profit) via Tawarruq arrangement. A Tawarruq consists of two sale and purchase contracts. The first involves the sale of a specified commodity (such as crude palm oil) by the Bank to the Customer on a deferred basis at a cost-plus-profit price over an agreed period of time. Subsequently, the Customer will sell the same commodity to a third party on a cash and spot basis.

##### Wakalah

Wakalah refers to a contract where the Customer, as principal (muwakkil) authorizes the Bank as his agent (wakil) to perform a particular task on matters that may be delegated, with or without imposition of a fee.

In the Tawarruq arrangement, the Bank acts as an agent to purchase the Shariah-compliant specified commodity (such as crude palm oil) from himself on behalf of the Customer, and subsequently acts as an agent to sell the same commodity on behalf of the Customer to a third party (i.e. Bursa Suq Al-Sila) for commodity trading services.

#### 3. What do I get from this Product?

##### Illustration

Financing Amount	: RM1,000,000.00
Margin of Financing	: Up to 100%
Tenure	: 5 years
Profit Rate	: i) Fixed Rate: 8.50% fixed per annum ii) Variable Rate: BFR + 1.5% per annum

##### Notes:

- i) **Current BFR (Base Financing Rate) is at 7.00% per annum and may vary from time to time.**
- ii) **For variable rate, Ceiling Profit Rate shall be set at BFR + 4.0% e.g. at 11.00%**

#### 4. What are my obligations?

- To pay the scheduled payments comprising of principal and profit.
- Payments are generally scheduled on monthly/ quarterly/ half-yearly/ yearly basis.
- To settle all amounts outstanding at or before maturity date.

**Important: For variable rate, your schedule payments may vary if the BFR changes.**

##### Illustration for Fixed Rate:

- Financing Amount: RM1,000,000.00
- Tenure: 5 years

- Profit Rate: 8.50% fixed per annum
- Bank's Purchase Price: RM1,000,000.00
- Bank's Selling Price: RM1,235,646.83
- Your monthly installment: RM20,516.53

Total installment amount at the end of 5 years: RM1,235,646.83

**Illustration for Variable Rate:**

- Financing Amount: RM1,000,000.00
- Tenure: 5 years
- Prevailing Profit Rate: BFR\* + 1.5% per annum
- Ceiling Profit Rate: 11.00% per annum (BFR\* + 4.0%)
- Bank's Purchase Price: RM1,000,000.00
- Bank's Selling Price: RM1,311,350.69
- Your monthly installment: RM20,516.53

Total installment amount at the end of 5 years: RM1,235,646.83

Rate	Today (BFR=7.00%)	If BFR goes up 1%	If BFR goes up 2%
Monthly installment	RM20,516.53	RM21,001.86	RM21,493.90
Total profit cost at the end of 5 years	RM235,646.83	RM265,574.52	RM295,973.62
Total payment amount at the end of 5 years	RM1,235,646.83	RM1,265,574.52	RM1,295,973.62

**Note: The monthly installment may vary accordingly with the changes in BFR and facility outstanding. If the BFR changes, the Prevailing Profit Rate will change but will not exceed the Ceiling Profit Rate.**

**5. What other charges that I have to pay?**

**a) Stamp Duties**

As per the Stamp Duty Act 1949 (Revised 1989).

**b) Legal and Disbursement Fees:**

As per Solicitor's Remuneration Order including fees for registration of charge, land search, bankruptcy search, taxes and other charges as per the scale fees charged by the Solicitors.

**c) Valuation Fee:**

As charged by the Valuer (if applicable).

**d) Trading fee:**

The trading fee for buying and selling the commodities shall be charged to the customer as part of fees & charges. The customer shall pay the trading fee of RM10.00 for RM1,000,000.00 or part thereof for every transaction (if applicable).

**e) Other Fees and Charges:**

Should the facility requires guarantee coverage from Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) or Credit Guarantee Corporation Malaysia Berhad (CGC), with guarantee fee of up to 1.0% per annum will be imposed by SJPP or up to 4.0% per annum will be imposed by CGC, and to be borne by you (if applicable).

**6. What if I fail to fulfill my obligations?**

- Ta'widh (compensation) for Late Payment

**The Bank has the right to be compensated on late and default payments based on the following mechanism:**

**Before maturity**

Actual loss up to 1% on overdue payment for facility within default period as per the following formula:

$$\text{Overdue Installment(s)} \times 1\% \times \text{No. of Overdue day(s)} / 365$$

### **After maturity**

Bank shall collect compensation charges from the date of maturity to the date of payment on actual loss up to the prevailing IIMM rate on the outstanding balance, as per the following formula:

$$\text{Outstanding Balance} \times \text{IIMM}\% \times \text{No. of Overdue day(s)} / 365$$

### **Post Judgement**

The court may impose a late payment charge on judgement debt, subsequent to the judgement.

The formula for late payment charges on post judgement as following:

$$\text{Judgement Sum} \times \text{IIMM}\% \times \text{No. of Overdue day(s)} / 365$$

Note:

- i. IIMM = Islamic Interbank Money Market
  - ii. The compensation for late payment shall not be further compounded or by any other method approved by the Shariah Advisory Council of Bank Negara Malaysia.
  - iii. \*The Bank may charge the actual cost/ loss incurred up to 1% or IIMM rate, whichever is lower.
- Legal action will be taken if you fail to respond to reminder notices. The security may be enforced and you will have to bear all costs. You are also responsible to settle any shortfall after the security is disposed.

For a sample of illustrations on the application of Ta'widh, kindly refer to our website at [www.smebank.com.my](http://www.smebank.com.my).

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

In line with BNM Guideline on Ibra' (rebate) for Sale Based Financing, Ibra' shall be granted for early settlement before the end of the financing tenure. Settlement prior to the end of the financing tenure shall include, but is not limited to, the following situations:

- Early settlement or early redemption, including those arising from prepayments;
- Settlement of the original financing contract due to financing restructuring exercise;
- Settlement in the event of default; and
- Settlement in the event of termination or cancellation of financing before the maturity date.

For variable rate financing, the Bank shall grant Ibra' on the difference between Ceiling Rate and Prevailing Profit Rate.

Formula calculation of Ibra':

$$\text{Ibra' (Rebate)} = \text{Unearned Profit} - \text{Early Settlement Charges (if any)}$$

For a sample of illustrations on the application of Ibra' and settlement amount formula, kindly refer to our website at [www.smebank.com.my](http://www.smebank.com.my)

## **8. Do I need to provide collateral or a guarantor?**

The Bank will evaluate the requirement for collateral and/or guarantor and advise you on it before we offer the financing facility.

## **9. Do I need any Takaful coverage?**

You may maintain such Takaful policies against all risks acceptable to the Bank in respect of your banking facilities.

## **10. What are the major risks?**

- Please be advised that the variable rate will change according to the changes in the BFR. An increase in the variable rate may result in a higher monthly installment amount.
- For fixed rate, should there be a reduction in Bank's BFR, you may not be able to enjoy any reduction in the agreed fixed profit rate.
- If you have problems meeting your payment obligations, please contact us early to discuss payment alternatives.

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

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

## **12. Where can I get assistance and redress?**

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

Customer Service Management: 03-2603 7700

Website: [www.smebank.com.my](http://www.smebank.com.my)

- If you wish to complain about the products and services provided by us, you may contact us at 03-2603 7700 or email us at [customercare@smebank.com.my](mailto:customercare@smebank.com.my) or send your letter to:

Customer Service Management  
SME Bank, Level 10, Menara SME Bank  
Jalan Sultan Ismail  
50250 Kuala Lumpur

- If our reply to your query or complaint is not satisfactory to you, 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: 03-21741515  
E-mail: [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)

### **13. Where can I get further information?**

Should you require additional information of the product, please refer to our brochures, which is available at our nearest branch or our website at [www.smebank.com.my](http://www.smebank.com.my) or call our Hot Line 03-2603 7700.

For more information on obtaining a financing facility, please refer to *banking info* booklet, available at all our branches and the [www.bankinginfo.com.my](http://www.bankinginfo.com.my) website.

### **14. Other financing packages available?**

We also provide asset financing/ refinancing, working capital financing, contract financing, project financing and other dedicated program financing.

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF INSTALMENTS ON YOUR FINANCING ARE NOT PAID PROMPTLY ON THE DUE DATES**

The information provided in this disclosure sheet is valid as at