



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

Bumiputera Supply Chain Fund Financing (BSC)

Date : _____
(to be filled by Relationship Management)

PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take-up the Bumiputera Supply Chain Fund (BSC). 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)

1. What is the Program about?

Bumiputera Supply Chain Fund Financing (BSC) Program is a collaborative financing program with TERAJU to provide financing and reimbursement grant to the whole supply chain which include manufacturer, wholesaler and retailer for the purpose of asset and working capital requirement.

2. What is the Shariah concept(s) applicable?

The Shariah concept(s) applicable to the program are:

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.

Ijarah Thummal Bai'

Ijarah Thummal Bai' is leasing contract (Ijarah) followed by sale contract (Bai'). Under the leasing contract the customer leases the asset from the Bank at an agreed rental payment over a specific period. Upon expiry of the leasing period, the customer enters into a sale contract to purchase the asset from the Bank at an agreed price.

Kafalah

Kafalah refers to a contract where the guarantor (Bank) conjoins the guaranteed party (Customer) in assuming the latter's specified liability. The guarantor shall impose ujah (fee) for providing the Kafalah service.

3. What do I get from this Program?

We shall provide you financing facility(ies) via our existing product(s) as followings:

- i) Commodity Murabahah Term Financing-i (CMTF-i) Facility; and/or
- ii) Revolving Credit-i Facility; and/or
- iii) Cash Line-i Facility; and/or
- iv) Ijarah Thummal Bai' (ITB) Financing Facility
- v) Kafalah Bank Guarantee-i Facility

Illustration:

Financing Facility

Facility Amount/ Limit	:	Minimum : RM500,000.00 Maximum: RM5,000,000.00
Tenure	:	Up to 7 years with grace period of up to 12 months
Margin of Financing	:	<ul style="list-style-type: none"> • Up to 85% from the Bank. • The remaining 15% of the cost is to be paid by the customer and will be reimbursed from the grant fund upon settlement of the financing.
Prevailing Profit Rate (PPR)	:	From BFR + 0.0% per annum to BFR + 1.5% per annum
Ceiling Profit Rate (CPR)	:	11.00% per annum (BFR + 4.0%)

Note: Current BFR (Base Financing Rate) is at 7.00% per annum and may vary from time to time.

4. What are my obligations?

CMTF-i Facility

- 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.

Illustration:

- Financing Amount : RM1,000,000.00
- Tenure : 5 years
- PPR: BFR + 1.5% per annum
- CPR : 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 payment 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

RC-i Facility

- To pay the bullet payment of principal and profit (Selling Price) upon maturity of each disbursement/ utilization tenure.
- You must settle the financing amount in full upon maturity of each disbursement/ utilization tenure.

Illustration of bullet payment:

The bullet payment for principal and profit payable is calculated daily based on the fixed profit rate, the facility amount utilized and the number of days utilized.

- Facility Amount Utilized : RM500,000.00
- PPR : BFR + 1.5% per annum
- Utilization Tenure : 90 days
- Profit Amount : RM10,479.45
- Bank's Purchase Price : RM500,000.00
- Bank's Selling Price : RM510,479.45

The Bank's Selling Price of RM510,479.45 is to be fully paid upon maturity of 90 days.

CL-i Facility

- To pay the monthly profit portion.
- To pay the principal portion in lump sum (bullet payment) upon maturity.

Illustration on profit charged:

The monthly profit payable is calculated daily based on the fixed profit rate, the facility amount utilized and the number of days utilized for the month.

- Facility Amount/ Limit: RM1,000,000.00
- Tenure : 5 years subject to annual review
- PPR : BFR + 1.5% per annum on daily rest
- CPR : 11.00% per annum (BFR + 4.0%)
- Bank's Purchase Price: RM1,000,000.00

- Bank's Selling Price: RM1,550,000.00
- Facility Amount Utilized : 1) RM600,000.00
2) RM400,000.00

Utilization	Today (BFR=7.00%)	If BFR goes up 1%	If BFR goes up 2%
1) 1 st utilization of RM600,000.00 Monthly profit payable	RM4,331.51	RM4,841.10	RM5,350.68
2) 2 nd utilization of RM400,000.00 Monthly profit payable	RM2,887.67	RM3,227.40	RM3,567.12
Monthly Profit Payable for both utilizations	RM7,219.18	RM8,068.50	RM8,917.80

Note: The total monthly profit payable 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.

ITB Financing Facility

- To pay the monthly installment comprising of principal and profit.
- To settle all amounts outstanding at or before maturity date.

Illustration:

- Financing Amount: RM1,000,000.00
- Tenure: 7 years
- PPR: BFR + 1.0% per annum on daily rest
- CPR: 11.00% per annum (BFR + 4.0%)
- Your monthly installment: RM15,586.21

Total payment amount at the end of 7 years: RM1,309,242.12

Kafalah BG-i Facility

- You shall be responsible and liable to indemnify the Bank as the guarantor against all obligations imposed for which the Kafalah BG-i is subject to.
- This includes when the Kafalah BG-i is issued with the condition that the principal indemnify the issuer in the event of default.
- For every utilization of Kafalah BG-i, you will have to pay all related fees and charges upfront.

Illustration on Kafalah BG-i Fee

- Kafalah BG-i Amount : RM1,000,000.00
- Fee : 1.5 % per annum
- Kafalah BG-i Period [Contract Period + Claim Period (if any)] : 5 years
- Kafalah BG-i Fee : 1,000,000.00 x 1.5% x 5 years
= **RM75,000.00**

Note: The above example are for illustration only. The illustration may not show the specific circumstances or obligations of each facilities.

5. What are the fees and charges 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

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 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 Profit Rate and Effective 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

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?

- If you fail to pay the monthly installment consistently throughout the Hire Term, the Bank has the right to take possession and auction off the asset.
- 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.
- 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
- 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 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

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 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 website.

14. Other financing packages available?

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

IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF PAYMENTS ON YOUR FINANCING FACILITY(IES) ARE NOT PAID PROMPTLY ON THE DUE DATES

The information provided in this disclosure sheet is valid as at