



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

## PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take-up the Ijarah Thummal Bai' (ITB) Financing. Be sure to also read the terms in the Letter of Offer. Seek clarification from your Institution if you do not understand any part of this document or the general terms)

### Ijarah Thummal Bai' (ITB) Financing

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

#### 1. What is the Product about?

ITB is a leasing facility whereby the Bank (lessor) leases out the identified asset to the customer (lessee). Customer will then use the asset to run their business and generate sales. At the end of the lease period, the sale of lease asset from the Bank to customer shall be effected by way of conduct (Mu'atah).

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

The Shariah concepts applicable are Ijarah, Wakalah, Bai' & Wa'd

- ITB Financing is a leasing contract (Ijarah) followed by sale by way of conduct (Bai' Mu'atah). 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 sale of lease asset from the Bank to customer shall be effected by way of conduct (Mu'atah) based on agreed price.
- In the occurrence of any event of default or the lease is dissolved before its maturity, the customer is required to purchase the asset from the Bank based on promises and undertakes (Wa'd) given by the customer to the Bank.
- Under the Wakalah, the Bank appoints the customer as an agent to do all acts with respect to the purchase of the Goods from the dealer on behalf of Bank.
- The customer shall pay the security deposit (urbun) to the dealer, which shall be considered as the deposit to be paid by the Bank.
- The usage of the asset by the customer is at the customer's risk and the Bank shall have no responsibility or liability for any loss or damage to the asset resulting from the customer's negligence.
- The Bank also appoints the customer as its service agent in all matters pertaining to the major maintenance on behalf of the Bank and also ordinary maintenance and repair. The customer as service agent will bear all the costs, charges and expenses in carrying out the major and ordinary maintenance and repair.

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

##### Illustration

Financing Amount	: RM1,000,000.00
Margin of Financing	: Up to 90%
Tenure	: Up to 7 years
Profit Rate	: i) Fixed Rate: 7.70% fixed per annum (based on variable rate formula BFR + 1.0%) ii) Variable Rate: BFR + 1.0% per annum

##### Notes:

- Current BFR (Base Financing Rate) is at 6.70% per annum and may vary from time to time.*
- For variable rate, ceiling rate shall be set at BFR + 4.0% e.g. at 10.70% (in any cases, where the rental rate is more than 10.70%, customer will only be charged a maximum rental rate of 10.70%).*

#### 4. What are my obligations?

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

##### Illustration for Fixed Rate:

- Financing Amount: RM1,000,000.00
  - Tenure: 7 years
  - Profit Rate: 7.70% fixed per annum
  - Your monthly installment: RM15,437.17
- Total installment amount at the end of 7 years: RM1,296,722.32

#### Illustration for Variable Rate:

- Financing Amount: RM1,000,000.00
- Tenure: 7 years
- Prevailing Profit Rate: BFR + 1.0% per annum
- Ceiling Profit Rate: 10.70% per annum
- Your monthly installment: RM15,437.17

Total installment amount at the end of 7 years: RM1,296,722.32

**Important: Your monthly installment and total installment amount will vary if the BFR changes.**

Rate	Today (BFR=6.70%)	If BFR goes up 1%	If BFR goes up 2%
Monthly installment	RM15,437.17	RM15,937.24	RM16,446.59
Total profit cost at the end of 7 years	RM296,722.32	RM338,728.70	RM381,513.18
Total payment amount at the end of 7 years	RM1,296,722.32	RM1,338,728.70	RM1,381,513.18

**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 are the 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 (as applicable).

##### **c) Valuation Fee:**

As charge by the Valuer (if applicable).

##### **d) Other Fees and Charges:**

Should the facility requires guarantee coverage from Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) or Credit Guarantee Corporation Malaysia Berhad (CGC), guarantee fee up to 1.0% per annum or up to 4.0% per annum will be imposed by SJPP or CGC respectively, 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 payment 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**

The Bank shall collect compensation charges from date of maturity to date of payment on actual loss up to prevailing IIMM rate on 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:

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

Notes:

- i. IIMM = Islamic Interbank Money Market
  - ii. The compensation for late payment shall not be 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 sample of illustrations on the application of Ta'widh, kindly refer to our website at [www.smebank.com.my](http://www.smebank.com.my)

<b>7. What if I fully settle the financing before its maturity?</b>
<p>The Bank shall grant Ibra' for early settlement before the end of the financing tenure.</p> <p>Formula calculation of Ibra':</p> $\text{Ibra' (Rebate)} = \text{Unearned Profit} - \text{Early Settlement Charges (if any)}$ <p>For sample of illustrations on the application of Ibra' and settlement amount formula, kindly refer to our website at <a href="http://www.smebank.com.my">www.smebank.com.my</a></p>
<b>8. Do I need to provide collateral or guarantor?</b>
<p>The Bank will evaluate the requirement for collateral and/or guarantor and advise you on it before we offer the financing facility.</p>
<b>9. Do I need any Takaful coverage?</b>
<p>You may maintain such Takaful policies against all risks acceptable to the Bank in respect of your banking facilities.</p>
<b>10. What are the major risks?</b>
<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 higher monthly installment amount.</li> <li>• 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.</li> <li>• If you have problems meeting your payment obligations, please contact us early to discuss payment alternatives.</li> </ul>
<b>11. What do I need to do if there are changes to my contact details?</b>
<p>It is important that you inform us of any changes in your contact details to ensure that all correspondences reach you in timely manner.</p>
<b>12. Where can I get assistance and redress?</b>
<ul style="list-style-type: none"> <li>• 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: <a href="http://www.smebank.com.my">www.smebank.com.my</a></li> <li>• 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 <a href="mailto:customercare@smebank.com.my">customercare@smebank.com.my</a> or send your letter to: Customer Service Management SME Bank, Level 10, Menara SME Bank Jalan Sultan Ismail 50250 Kuala Lumpur</li> <li>• 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: <a href="mailto:bnmtelelink@bnm.gov.my">bnmtelelink@bnm.gov.my</a></li> </ul>
<b>13. Where can I get further information?</b>
<p>Should you require additional information of the product, please refer to our brochures, which is available at our nearest branch or our website at <a href="http://www.smebank.com.my">www.smebank.com.my</a> or call our Hot Line 03-2603 7700.</p> <p>For more information on obtaining a financing facility, please refer to <i>banking info</i> booklet, available at all our branches and the <a href="http://www.bankinginfo.com.my">www.bankinginfo.com.my</a> website.</p>
<b>14. Other asset financing packages available?</b>
<p>We also provide asset financing/refinancing, working capital financing, contract financing, project financing and other dedicated program financing.</p>
<p><b>IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF PAYMENTS ON YOUR FINANCING FACILITY(IES) ARE NOT PAID PROMPTLY ON THE DUE DATES</b></p>

The information provided in this disclosure sheet is valid as at