



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

Ijarah Thummal Bai' (ITB) Financing

Date :

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)

1. What is the Product about?

ITB is a leasing facility whereby the Bank (lessor) leases out the identified asset to the customer (lessee). Customers will then use the asset to run their business and generate sales. At the end of the lease period, the customer will purchase the asset from the Bank.

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

- The Shariah concepts applied are Ijarah, Wakalah, Bai' & Wa'd
- ITB is a 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.
- At the end of the lease period, the customer will purchase the asset from the Bank. 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 SME 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 for Fixed Rate:

- Total Rental : Financing Amount x Effective Profit Rate (EPR) x Tenure
- Financing Amount : RM1,000,000.00
- Total Rental : RM1,188,072
- Profit rate : 7.0% fixed p.a
- Tenure : 5 Years
- Monthly rental : RM19,801.20

Illustration for Flat Rate:

- Total Rental : Financing Amount x Flat Rate x Tenure
- Financing Amount : RM1,000,000.00
- Total Rental : RM1,175,000
- Profit rate : 3.5% flat p.a (EPR approx. 6.54% p.a)
- Tenure : 5 Years
- Monthly rental : RM19,583.33

4. What are my obligations?

Illustration for Fixed Rate:

- Monthly rental : RM19,801.20
- Total amount of rental payment at the end of 5 years is RM1,188,072

Illustration for Flat Rate:

- Monthly rental : RM19,583.33
- Total amount of rental payment at the end of 5 years is RM1,175,000

5. What are the charges that I have to pay?
a) Stamp Duties:
Nominal stamp duty at RM10.
b) Legal fee / Company searches:
As charged by the Lawyer (if applicable).
c) Valuation report:
As charged by the Valuer (if applicable).
6. What if I fail to fulfill my obligations?
<ul style="list-style-type: none"> Ta'widh (compensation) for Late Payment <p>The Bank has the right to be compensated on late and default payment based on the following mechanism:</p> <p><u>Before maturity</u></p> <p>Actual loss up to 1% on overdue payment for facility within default period as per the following formula:</p> $\text{Overdue Installment(s)} \times 1\% \times \text{No. of Overdue day(s)} / 365$ <p><u>After maturity</u></p> <p>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:</p> $\text{Outstanding Balance} \times \text{IIMM}\% \times \text{No. of Overdue day(s)} / 365$ <p><u>Post Judgement</u></p> <p>The court may impose a late payment charge on judgement debt, subsequent to the judgement.</p> <p>The formula for late payment charges on post judgement as following:</p> $\text{Judgement Sum} \times \text{IIMM}\% \times \text{No. of Overdue day(s)} / 365$ <p>Note:</p> <ol style="list-style-type: none"> IIMM = Islamic Interbank Money Market The compensation for late payment shall not be compounded or by any other method approved by the Shariah Advisory Council of Bank Negara Malaysia. <ul style="list-style-type: none"> 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.
7. Do I need any Takaful coverage?
Yes. All asset charged/ assigned to the Bank shall be adequately covered under Takaful coverage equivalent to the financing amount with Takaful provider acceptable by the Bank.
8. What are the major risks?
<ul style="list-style-type: none"> If you fail to pay the monthly rental consistently throughout the Hire Term, the Bank has the right to take possession and auction off the asset. For fixed or flat rate, should there be a reduction in Bank's BFR, you may not be able to enjoy any reduction in the agreed profit rate. If you have problems meeting your payment obligations, please contact us early to discuss payment alternatives.
9. What if I fully settle the financing before its maturity?
The Bank may grant Ibra` (rebate) to the customer at its sole and absolute discretion.
10. Do I need a guarantor or collateral?
The Bank will evaluate the requirement and advise you on it before offering the ITB Financing.

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 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 asset 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 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