



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 Financing is a facility that allows the customer (lessee) to hire the identified asset (machinery, equipment and/or commercial vehicles for business purposes) from the Bank (lessor) and subsequently purchase and take ownership of the asset upon settlement of the final installment (rental).

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

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

- ITB Financing is a leasing (*Ijarah*) contract to be 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 within 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 asset from the dealer on behalf of the 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?

Total Amount Finance	:	Minimum financing starts from RM100,000 and the maximum financing amount based on the customer's eligibility.
Margin of Financing	:	Up to 90% from the purchase price OR market value (whichever is lower); and differs according to the type of asset being financed.
Tenure	:	Up to 10 years or asset lifecycle (whichever is lower); and tenure differs according to the type of asset being financed.
Profit Rate	:	<ul style="list-style-type: none"> <li>▪ Variable Rate computed based on reducing balance (starts from BFR + 0.00% per annum); OR</li> <li>▪ Fixed Rate computed based on reducing balance (subject to type of funds being used).</li> </ul> <p><u>Remarks:</u></p> <ul style="list-style-type: none"> <li>i) Presently, BFR (Base Financing Rate) is quoted at 7.00% per annum and may vary from time to time.</li> <li>ii) For Variable Rate, the Ceiling Profit Rate is set at BFR + 4.00% (e.g. 11.00%). In case where the profit rate is fluctuated more than 11.00% due to movement in BFR, the maximum profit rate is capped at 11.00% per annum.</li> </ul>

#### 4. What are my obligations?

- To pay the monthly rental.
- To settle all amounts outstanding at or before maturity date.

Illustration for Fixed Rate:

- Financing Amount: RM500,000.00
  - Tenure: 7 years
  - Profit Rate: 8.00% fixed per annum
  - Your 1<sup>st</sup> month rental: RM8,015.33
  - Your each monthly rental: RM7,793.11
  - Rental Charges Amount: RM154,843.13
- Total rental amount at the end of 7 years: RM654,843.13

Illustration for Variable Rate:

- Financing Amount: RM500,000.00
  - Tenure: 7 years
  - Prevailing Profit Rate: BFR + 1.00% per annum
  - Ceiling Profit Rate: 11.00% per annum
  - Your 1<sup>st</sup> month rental: RM8,015.33
  - Your each monthly rental: RM7,793.11
  - Rental Charges Amount: 154,843.13
- Total rental amount at the end of 7 years: RM654,843.13

Illustration on BFR changes:

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

Rate	Today (BFR=7.00%)	If BFR goes up 1%	If BFR goes up 2%
Monthly Rental	RM7,793.11	RM8,294.54	RM8,578.37
Rental Charges Amount	RM154,843.13	RM175,991.26	RM197,527.63
Total rental amount at the end of 7 years	RM654,843.13	RM675,991.26	RM697,527.63

**Note: The monthly rental 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).

**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:

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

**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)

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

The Bank shall grant *Ibra'* for early settlement before the end of the financing tenure.

Formula calculation of *Ibra'*:

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

For 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 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 rental 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 higher monthly rental 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.

### **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](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 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