



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

Social Enterprise Financing Scheme

Date : _____
(to be filled by Relationship Management)

PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take-up the Social Enterprise Financing Scheme. 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 Scheme about?

Social Enterprise Financing Scheme is a financial assistance to Basic Social Enterprise or Accredited Social Enterprise for asset acquisition and/or working capital requirement including financing of guarantee fee, documentation and stamp duty fees, and Takaful contribution (if applicable).

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

The Shariah concept(s) applicable for this scheme as below:

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 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.

3. What do I get from this Scheme?

We shall provide you financing facility(ies) via our existing products as follows:

- Commodity Murabahah Term Financing-i (CMTF-i) Facility; and/ or
- Revolving Credit-i (RC-i) Facility; and/ or
- Cash Line-i (CL-i) Facility; and/ or
- Ijarah Thummal Bai' (ITB) Financing Facility

Illustration:

Financing Amount	:	<ul style="list-style-type: none"> Minimum RM100,000.00 Maximum RM500,000.00 			
Tenure	:	Purpose of Financing		Tenure	
		Machinery/ equipment	<ul style="list-style-type: none"> Up to 7 years (for new) Up to 5 years (for used/ refurbish/ recond/ rebuilt cost) 		
		Working capital	Up to 5 years		
Margin of Financing	:	Purpose of Financing		Micro & Small Enterprise	Medium Enterprise
		Machinery/ equipment	<ul style="list-style-type: none"> Up to 90% (for new) Up to 80% (for used/ refurbish/ recond/ rebuilt cost) 	<ul style="list-style-type: none"> Up to 80% (for new) Up to 70% (for used/ refurbish/ recond/ rebuilt cost) 	
		Working capital	Up to 100%		
Profit Rate	:	Segmentation		Profit Rate	
		Micro and Small Enterprise		3.0% fixed per annum (reducing balance)	
		Medium Enterprise		4.0% fixed per annum (reducing balance)	

4. What are my obligations?

CMTF-i Facility

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

Illustration:

<u>Micro and Small Enterprise</u>	<u>Medium Enterprise</u>
<ul style="list-style-type: none"> • Financing Amount: RM100,000.00 • Tenure: 5 years • Profit Rate: 3.0% fixed per annum • Bank's Purchase Price: RM100,000.00 • Bank's Selling Price: RM107,860.46 • Your monthly installment: RM1,796.86 	<ul style="list-style-type: none"> • Financing Amount: RM100,000.00 • Tenure: 5 years • Profit Rate: 4.0% fixed per annum • Bank's Purchase Price: RM100,000.00 • Bank's Selling Price: RM110,566.75 • Your monthly installment: RM1,841.65
Total payment amount at the end of 5 years: RM107,860.46	Total payment amount at the end of 5 years: RM110,566.75

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.

<u>Micro and Small Enterprise</u>	<u>Medium Enterprise</u>
<ul style="list-style-type: none"> • Facility Amount Utilized: RM100,000.00 • Profit Rate: 3.0% fixed per annum • Utilization Tenure: 90 days • Profit Amount: RM739.73 • Bank's Purchase Price: RM100,000.00 • Bank's Selling Price: RM100,739.73 	<ul style="list-style-type: none"> • Facility Amount Utilized: RM100,000.00 • Profit Rate: 4.0% fixed per annum • Utilization Tenure: 90 days • Profit Amount: RM986.30 • Bank's Purchase Price: RM100,000.00 • Bank's Selling Price: RM100,986.30
The Bank's Selling Price of RM100,739.73 is to be fully paid upon maturity of 90 days.	The Bank's Selling Price of RM100,986.30 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.

Micro and Small Enterprise

- Facility Amount/ Limit: RM100,000.00
- Tenure: 5 years
- Profit Rate: 3.0% fixed per annum
- Bank's Purchase Price: RM100,000.00
- Bank's Selling Price: RM115,000.00
- Facility Amount Utilized: 1) RM80,000.00
2) RM20,000.00

Utilization	Monthly Profit Payment
1) 1 st utilization of RM80,000.00 Monthly profit payable	RM197.26
2) 2 nd utilization of RM20,000.00 Monthly profit payable	RM49.32
Monthly Profit Payable for both utilizations	RM246.58

Medium Enterprise

- Facility Amount/ Limit: RM100,000.00
- Tenure: 5 years
- Profit Rate: 4.0% fixed per annum
- Bank's Purchase Price: RM100,000.00
- Bank's Selling Price: RM120,000.00
- Facility Amount Utilized: 1) RM80,000.00
2) RM20,000.00

Utilization	Monthly Profit Payment
1) 1 st utilization of RM80,000.00 Monthly profit payable	RM263.01
2) 2 nd utilization of RM20,000.00 Monthly profit payable	RM65.75
Monthly Profit Payable for both utilizations	RM328.76

ITB Financing Facility

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

Illustration:

Micro and Small Enterprise	Medium Enterprise
<ul style="list-style-type: none">• Financing Amount: RM100,000.00• Tenure: 5 years• Profit Rate: 3.0% fixed per annum• Your monthly installment: RM1,796.86 Total installment amount at the end of 5 years: RM107,860.46	<ul style="list-style-type: none">• Financing Amount: RM100,000.00• Tenure: 5 years• Profit Rate: 4.0% fixed per annum• Your monthly installment: RM1,841.65 Total installment amount at the end of 5 years: RM110,566.75

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

5. What are the fees and 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).

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 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.

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 of the asset.
- 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

- 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