



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

## Kafalah Bank Guarantee-i (Kafalah BG-i)

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

## PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take-up the *Kafalah Bank Guarantee-i*. 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?

It is a guarantee issued by the Bank to the Beneficiary (contract awarder/third party) where the Bank undertakes to pay the Beneficiary an agreed sum if the Customer defaults in fulfilling the obligations with the Beneficiary.

### 2. What is the Shariah concept applicable?

#### 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 product?

- Bank guarantee on specified liability required by beneficiary in fulfilling the contract/agreement requirement as follows:
  - i) Performance Bond; or
  - ii) Advance Payment Guarantee; or
  - iii) Tender Bond; or
  - iv) Security Deposit Bond; or
  - v) Other Guarantee
- Kafalah BG-i Amount : As per beneficiary's requirements
- Kafalah BG-i Period : As per beneficiary's requirements

### 4. What are my obligations?

- 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 issued with condition that the principal indemnifies 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.

### 5. What are the charges that I have to pay?

#### a) Kafalah BG-i Fee

##### i. Issuance/ Renewal/ Amendment (increase in amount and extension of expiry date/ claim period)

- 1.5% per annum or 0.125% per month based on the guarantee amount; or
- Minimum RM100 per guarantee issued.

##### Illustration for Kafalah BG-i Fee

- Kafalah BG-i Amount : RM1,000,000.00
- Kafalah BG-i Period [Contract Period + Claim Period (if any)] : 3 years
- Kafalah BG-i Fee : 1,000,000.00 x 1.5% x 3 years  
= **RM45,000.00**

Payment of guarantee fee can be in the form of cheque by mail or by interbank GIRO (IBG) from any participating bank or online banking.

##### ii. Other Amendments (other than increase in amount and extension of expiry date/ claim period)

Micro, Small and Medium Enterprises	Large Enterprise
RM50	RM100

#### b) Stamp Duties

As per the Stamp Duty Act 1949 (Revised 1989).

## 6. What if I fail to fulfill my obligations?

- In the event of the Kafalah BG-i is claimed by the Beneficiary, the Bank shall honor the claim to pay the guaranteed amount to the Beneficiary. The claimed Kafalah BG-i will be settled via Commodity Murabahah Term Financing-i (CMTF-i) facility as per your Letter of Offer (if applicable).
- 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**

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:

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

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 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. Do I need any Takaful coverage?

Not applicable.

## 8. What is my major risk?

Should you fail to fulfill the obligations with the Beneficiary and upon claim by the Beneficiary, the Bank will proceed to honor the guarantee by making payment and debiting your account and/or may liquidate your collateral or via CMTF-i facility for the settlement of payment made under such claim as per your Letter of Offer (if applicable).

## 9. 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.

## 10. 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)

**11. 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.

**12. 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 FACILITY(IES) ARE NOT PAID PROMPTLY ON THE DUE DATES.**

The information provided in this disclosure sheet is valid as at