



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

PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take-up the Low Carbon Transition Facility (LCTF). 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)

Low Carbon Transition Facility (LCTF)

Date : _____
(to be filled by Relationship Management)

1. What is this Program about?

Low Carbon Transition Facility (LCTF) aims to support Small and Medium Enterprises (SMEs) that embark on a specific project and committed towards transforming their business operations into more sustainable and low carbon business practices.

These sustainable practices include, but are not limited to, obtaining sustainability certification, increasing the use of sustainable material for production, improving energy efficiency of building and appliances and installing on-site renewable energy generation equipment.

The purpose of financing includes to fund capital expenditure (CAPEX) and/or working capital requirements.

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

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.

3. What do I get from this Program?

We shall provide you Term Financing facility via our existing product; Commodity Murabahah Term Financing-i (CMTF-i), which shall be structured as follows:

Illustration

Facility Amount	Up to RM10,000,000.00 (to be segregated into two facilities based on 1:1 matching basis)	
	CMTF-i Facility 1	CMTF-i Facility 2
Financing Amount per Facility	Up to RM5,000,000.00	Up to RM5,000,000.00
Tenure	<ul style="list-style-type: none"> CAPEX: Up to 10 years* Working capital: Up to 5 years* 	<ul style="list-style-type: none"> CAPEX: Up to 10 years* Working capital: Up to 5 years*
Margin of Financing	<ul style="list-style-type: none"> CAPEX: Up to 80%* Working capital: Up to 100%* 	<ul style="list-style-type: none"> CAPEX: Up to 80%* Working capital: Up to 100%*
Profit Rate	Up to 5.0% per annum, inclusive of guarantee fee (if any)	Up to 5.0% per annum, inclusive of guarantee fee (if any)

*Subject to Bank's Credit Underwriting Policy.

4. What are my obligations?

CMTF-i

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

Illustration

Facility Limit	RM5,000,000.00 (based on 1:1 matching basis)	
	CMTF-i Facility 1	CMTF-i Facility 2
Financing Amount	: RM2,500,000.00	: RM2,500,000.00
Tenure	: 5 years	: 5 years
Profit Rate	: 5.0% fixed per annum	: 5.0% fixed per annum
Bank's Purchase Price	: RM2,500,000.00	: RM2,500,000.00
Bank's Selling Price	: RM2,830,685.07	: RM2,830,685.07
Your Monthly Instalment	: RM47,178.08	: RM47,178.08
Total payment amount at the end of 5 years	: RM2,830,685.07	: RM2,830,685.07

Note: The above example is for illustration only. The illustration may not show the specific circumstances or obligations of each facility.

5. What other charges do 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 charge by the Valuer (if applicable).

d) Trading Fee:

The trading fee for buying and selling the commodities shall be charged to the customer's 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).

e) Other Fees and Charges:

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

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.
 - In line with the objective of LCTF to promote sustainable practices for business resilience, Bank may enforce all its right to review, revise the terms or recall the Facility should you fails to follow your transition plan, listed as Environmental, Social and Governance (ESG) Prohibited activities/ business or proved to pose a threat of climate change.

For 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 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 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?

- 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.

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 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