

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to take up this product. Be sure to also read the terms in the letter of offer. Seek clarification from the Bank if you do not understand any part of this document or the general terms stated herein.

Equipment Financing-i

Date: _____

1. What is this product about?

Equipment Financing-i is a Shariah compliant financing for acquisition of capital asset (fixed asset) that falls outside the First Schedule of Hire Purchase Act 1967, which include heavy equipment and machineries.

2. What is the Shariah concept applicable?

The Shariah concept applicable for this product is Al-Ijarah Thumma Al- Bai' (AITAB). AITAB refers to two Shariah contracts, i.e., Ijarah and Bai', which are undertaken separately and consequently.

Under the Ijarah contract, the Bank (as the Owner) will transfer the right to use the assets to you (as the Hirer) at an agreed rental over an agreed lease period. Upon expiry of the leasing period, you will enter into a second contract (Bai') to purchase the assets from the Bank at an agreed price which is equivalent to the last instalment/ rental.

For refinancing cases (with cash-out), Shariah concept of *Tawarruq* also applies.

The *Tawarruq* arrangement shall be arranged as the follows:

- The Customer will execute an Agency Agreement with the Bank to purchase Shariah- compliant commodity from any third-party Commodity Trader and thereupon to sell the Commodity to the Bank.
- The Bank acting as Customer's agent will purchase the Commodity on Customer's behalf at a Purchase Price.
- Unless otherwise agreed between the parties, the Bank shall, upon request, allow the Customer to take possession of the commodity or at the costs of the Customer, deliver the commodity according to the Customer's instruction.
- The Bank will thereafter on its own capacity purchase the Commodity from Customer at the Selling Price comprising the said Purchase Price and cash out via Murabahah.
- The cash out portion shall be disbursed to Customer's account.
- The Bank may thereafter sell the Commodity to a third-party Commodity Trader at the Commodity Cost price.

3. What do I get from this product?

You will be provided a facility with the following key features:

Facility Amount	
Margin of Financing	
Tenure	
Profit Rate:	i. Fixed Rate: _____ p.a. or ii. Variable Rate: BFR _____ p.a.

Note:

- Base Financing Rate ("BFR") will be determined by the Bank from time to time.
- If there is any change to the BFR, the Bank will give you written notice (which also includes via electronic means)

within seven (7) business days from the date of such changes taking effect.

- Current BFR is 6.75% p.a.

4. What are my financial obligations?

- Monthly instalment/rental: _____
- Total amount payable: _____
- To settle all amounts outstanding on or before the expiry of the facility tenure i.e., maturity date.

5. What are the fees and charges I have to pay?

The fees and charges for this product are as follows:

Item	Details of fees/charges
Stamp Duty	As per Stamp Act 1949 (revised 1989)
Kafalah Fee	Up to 1.50% per annum on the guarantee sum subject to a minimum of RM50.
Transfer Fee	As per actual cost imposed by the third party.
Letter of Support	RM50 (waived for micro enterprises customers).
Brokerage Fee (Only applicable to refinancing cases, which involves cash-out)	RM40.00 per RM1.0 million or any other brokerage fee charged by trading platform on tier-rated basis.

Note: You will be given prior written notice (which also includes via electronic means) of at least twenty-one (21) days in the event of any changes to the fees and charges above.

6. What if I fail to fulfil my obligations?

- The Bank may impose and demand from you late payment compensation by way of Ta'widh (compensation charges) for the following:

- Default payment(s) during facility tenure:
1% p.a. on overdue amount;
- Default payment of any sum agreed to be paid for recalled/terminated cases:
1% p.a. on the outstanding balance (outstanding principal plus accrued profit);
- Default payment of any outstanding balance after maturity of the facility:
Bank Negara Malaysia ("BNM") Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);
- Default payment of any outstanding balance after judgment:
BNM IIMM rate on the basic judgment sum (excluding legal costs and late payment charges).

- Note:
- i. Compensation charges will not be compounded;
 - ii. Compensation charges methodology and rates are subject to changes as may be prescribed by BNM;
 - iii. Compensation charges are computed on daily basis from the payment due date/ termination date/ maturity date/ judgment date.

- The Bank may set-off any credit balance in your account(s) maintained with the Bank against any outstanding balance in this financing account by giving you at least seven (7) days' prior written notice (which also includes via electronic means).
- The Bank may take legal action against you and all costs incurred will be borne by you. This legal action will have an effect on your credit rating and may lead to difficulties in your future financing applications.

Implication on the Breach of Wa'd

- The Bank shall be at liberty to sell the asset either by way of auction or by private treaty to a third party if you breach the promise (Wa'd) to purchase the asset.

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

- For Fixed Rate Financing:
You will be entitled to an Ibra' (rebate) using the formula below. The calculation is based on the formula as stipulated in the Hire Purchase Act 1967.

Ibra' (Rebate)	= $\frac{n(n+1)}{N(N+1)} \times TC$
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Where,

- n: Remaining monthly rental period
 TC: Term Charges (Profit Charges) of Total Income in the Agreement
 N: Total monthly rental period

- For Variable Rate Financing:
The settlement amount would be the outstanding instalment/ rental plus term charge accrued and calculated up to the next instalment/ rental due date.

8. Do I need takaful coverage?

- You are required to take up a comprehensive takaful coverage on the asset financed for the entire tenure of the Equipment Financing-i.

9. Do I need any guarantor or collateral?

- Guarantor and collateral may be required depending on your credit assessment made by the Bank.
- Prepaid rental may be required on case-to-case basis as part of the collateral arrangement.

10. What are the major risks inherent to this product?

- If the facility is based on variable rate, an increase in BFR will result to higher instalment/ rental but is capped at Ceiling Profit Rate (CPR). The Bank will notify you on such changes of instalment/ rental amount by giving you written notice (which also includes via electronic means) at least seven (7) days prior to the effective date.

- Should you encounter any difficulties in meeting your obligations, please contact your dedicated Relationship Manager in advance to discuss other payment alternatives. This is to avoid any legal action against you in the event you are unable to pay your instalment/ rental.

11. What do I need to do if there are changes to my contact details?

- It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.
- Please contact 03-2096 3000 or visit the Bank's nearest branch to update your contact details.

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 alternative payment arrangements. You may contact us at:

Collection & Recovery Department
Ground Floor, Menara MBSB,
46, Jalan Dungun,
Damansara Heights,
50490 Kuala Lumpur.
Phone : 03-2096 3000
Fax : 03-2092 1035

- Alternatively, you may seek the service of Agensi Kaunseling dan Pengurusan Kredit ("AKPK"), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals. You can contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)
Tingkat 8, Maju Junction Mall,
1001, Jalan Sultan Ismail,
50250 Kuala Lumpur
Phone : 1800-88-2575
E-mail : enquiry@akpk.org.my

- If you wish to complaint on the products or services provided by us, you may contact us at:

Customer Experience Management
25th Floor, MBSB Bank Tower
Jalan Persiaran Barat, Section 52
46200 Petaling Jaya, Selangor
Phone : 03-2096 3000
E-mail : complaint@mbsbbank.com/enquiry@mbsbbank.com

- If your query or complaint is not satisfactorily resolved by us, you may contact:

Bank Negara Malaysia LINK or TELELINK
Block D, Bank Negara Malaysia,
Jalan Dato' Onn,
50480 Kuala Lumpur.
Phone : 1-300-88-5465
Fax : +603-2174 1515
E-mail : bnmtelelink@bnm.gov.my

13. Where can I get further information?

- Should you require additional information on the product, please visit our website at www.mbsbbank.com or alternatively call your respective Relationship Manager.

14. Other facilities available?

- i. Revolving Credit-i
- ii. Term Financing-i
- iii. Bank Guarantee-i
- iv. Bridging Financing-i

IMPORTANT NOTE:

**LEGAL ACTION MAY BE TAKEN
AGAINST YOU IF YOU FAIL TO
SERVICE YOUR PAYMENTS OF THIS
FACILITY ON A REGULAR BASIS**

The information provided in
this disclosure sheet is valid as : _____
at