

PRODUCT DISCLOSURE SHEET (PDS)
[\(Versi Bahasa Malaysia\)](#)

Read this Product Disclosure Sheet before you decide to take out the **Term Loan** facility (“Product”) with Hong Leong Bank Bhd.

The information provided within this PDS are general information of the product. Be sure to read the final term and conditions that will be stipulated in the letter of offer and facility agreement.

Please seek clarification from the Bank if you do not understand any part of this PDS.



Business and Corporate Banking

Term Loan

< **Date** >

1. What is this product about?

- Term loan is a credit facility that has a pre-determined maturity date and repayment schedule. The facility can be repaid over a fixed period with repayment schedule can be structured as monthly, quarterly, semi- annually or annually.
- The facility can be used for asset financing such as purchase of properties or machineries, working capital financing or capital expenditure financing.
- Additional security such as fixed deposits, property, personal / directors guarantee etc. may be requested depending on the credit assessment. For property financing, the said property is to be mortgaged to the Bank.

2. What do I get from this product?

▪ Total amount borrowed	< RM xx >						
▪ Tenure	< xx years > Financing tenure differs with the purpose of financing which generally ranges from 5 years to 30 years.						
▪ Interest rates	Pegged to the Base Lending Rate (BLR). <table border="1"> <thead> <tr> <th>Purpose of Financing</th> <th>Interest Rates Range</th> </tr> </thead> <tbody> <tr> <td>Property Financing</td> <td>BLR – 2.00% p.a. to BLR + 1.00% p.a.</td> </tr> <tr> <td>Working Capital Financing / Capital Expenditure</td> <td>BLR + 0.50% p.a. to BLR + 3.00% p.a.</td> </tr> </tbody> </table>	Purpose of Financing	Interest Rates Range	Property Financing	BLR – 2.00% p.a. to BLR + 1.00% p.a.	Working Capital Financing / Capital Expenditure	BLR + 0.50% p.a. to BLR + 3.00% p.a.
Purpose of Financing	Interest Rates Range						
Property Financing	BLR – 2.00% p.a. to BLR + 1.00% p.a.						
Working Capital Financing / Capital Expenditure	BLR + 0.50% p.a. to BLR + 3.00% p.a.						
▪ Margin of financing (MOF)	Depends on the purpose of financing e.g for property financing the MOF is up to 80%.						

Example:

- Total Amount Borrowed (Principal Amount) : RM 1,000,000
- Tenure : 20 years / 240 months
- Base Lending Rate (current rate) : **6.89% p.a. (as at May 2023)**
- Financing Purpose : Property Financing
- Interest Rate (Year 1 - 20) : BLR – 2.00% p.a.
- Effective Lending Rate : **4.89% p.a.**
- Total Repayment Amount : RM 1,569,346.22

Calculation of Total Repayment Amount is based on 'Principal Amount' plus 'Total Interest Amount' (Principal Amount RM 1,000,000 + Total Interest Amount RM 569,346.22)

Tenure (Month)	Principal (RM)	Interest (RM)	Monthly Instalment (RM)	Principal Balance (RM)	Total Interest Amount (RM)
1	2,463.94	4,075.00	6,538.94	997,536.06	4,075.00
2	2,473.98	4,064.96	6,538.94	995,062.07	8,139.96
3	2,484.06	4,054.88	6,538.94	992,578.01	12,194.84
:	:	:	:	:	:
:	:	:	:	:	:
239	6,485.97	52.97	6,538.94	6,512.40	569,319.68
240	6,512.40	26.54	6,538.94	(0.00)	569,346.22

Note: Please note the above-mentioned rates and tenure are indicative only. The final approved amount of your loan, tenure, interest rate, and effective lending rate are subject to the Bank's approving criteria and may differ from the above. For actual details of term loan offered, please refer to letter of offer and facility agreement.

3. What are my obligations?

- Your monthly instalment is < **RM xx** >
- Total repayment amount at the end of < **xx years** > is < **RM xx** >
- Servicing the progressive interest pending full loan disbursement. Servicing the instalment amount due upon full loan disbursement.
- Loan repayment for the term loan facility is typically in the form of monthly or quarterly or semi-annually instalment with a fixed equal instalment amount comprising principal and interest (calculated based on prescribed rates and monthly balance amortization basis).

IMPORTANT NOTE: Your monthly instalment and total repayment amount will vary if the interest rate changes i.e. BLR changes.

Table below depicts the variation of monthly instalment and total repayment amount if the BLR changes based on RM 1,000,000 amount borrowed for 20 years

Rate (BLR -2.00% p.a.)	Current BLR	If BLR goes up by 1.00% p.a.	If BLR goes down by 1.00% p.a.
BLR	6.89% p.a.	7.89% p.a.	5.89% p.a.
Effective Lending Rate	4.89% p.a.	5.89% p.a.	3.89% p.a.
Monthly instalment	RM 6,538.94	RM 7,101.00	RM 6,002.00
Total interest amount	RM 569,346.22	RM 704,239.04	RM 440,479.50
Total repayment amount	RM 1,569,346.22	RM 1,704,239.04	RM 1,440,479.50

Note: Calculation of total interest amount and total repayment amount in table above is based on scenario that the BLR change takes place before the disbursement of loan. In event, the BLR changes during the tenure of the loan, total interest cost and total repayment amount will differ.

4. What other fees and charges do I have to pay?

▪ Stamp Duties	As per the Stamp Duty Act 1949 (Revised 1989)
▪ Legal Fees (where applicable)	As per scale in the Solicitors Remuneration Order (SRO)
▪ Disbursement Fees (where applicable)	Include fees and charges for registration of charge and land search, Government taxes and other taxes or levy as per scale fees charged by respective authorities and bankruptcy search.
▪ Facility Fees	Not applicable for Small and Medium Enterprises (SMEs)

For full list of Business and Corporate Banking fees and charges, please visit our website www.hlb.com.my

5. What if I fail to fulfil my obligations?

IMPORTANT NOTE: Please read the final terms and conditions as stipulated in the letter of offer and facility agreement for further information.

▪ Late Payment Penalty Charges	<p>In the event of late payment, the Bank will charge 1.00% p.a. (or any other rate*) on the amount in arrears from the time of default up to the time of actual payment of such amount in arrears.</p> <p>*Note: If there are any changes to the late payment penalty charges rate, prior notice will be provided to you by the Bank</p>
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<ul style="list-style-type: none"> ▪ Default Rate 	<p>In the event of default in the payment (whether principal or interest or any sum payable to the Bank, including a default where the Bank had made a demand or recalled the facility), the Bank will charge 1.00% p.a. in addition to the prescribed rate, from the time of default up to the time of actual payment</p>
<ul style="list-style-type: none"> ▪ Right to set-off 	<p>The Bank has the right to set-off any credit balance in any account(s) maintained with us against any outstanding balance as agreed per facility agreement and where applicable prior notice will be provided to you by the Bank.</p>
<ul style="list-style-type: none"> ▪ Right to commence recovery or legal action 	<p>Legal action will be taken if you fail to respond to reminder notices. Your asset may be foreclosed and you will have to bear all costs. You are also responsible to settle any shortfall after your asset is sold.</p> <p>The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings.</p> <p>Note: Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</p>

6. What if I fully settle the loan during the lock-in period?

- Full and partial prepayments of facility(ies) are subject to three (3) months written notice. In lieu of this, three (3) months interest at prescribed interest rate will be charged on any amount prepaid.
- For early redemption or early settlement within the first five (5) years from the 1st drawdown date, 3% of the approved Term Loan limit or a sum of RM5,000.00 whichever is higher will be charged. (Applicable only for Fixed Term Loan).
- Any prepayments received by the Bank without written notice, will be treated as advance payment. The advance payment received will not be applied towards the repayment of principal outstanding until all interest due or deemed to be due has been paid. Prepayments are only permitted for facility (ies) that have been fully released.
- For partial prepayments, the amount prepaid shall be applied towards the repayment schedule in the inverse order of maturity. Any amount prepaid shall not be available for redraws.
- Any notice of prepayment shall be irrevocable. In the event that you default in your prepayment upon expiry of a prepayment notice, the Bank shall be entitled to charge an additional three (3) months' interest and such interest shall form part of the amount owed to the Bank.

7. Do I need any insurance or takaful coverage?

- In the event a property is taken as collateral or security for the facility, the following insurance policies are recommended to be taken from panel or non-panel insurance company:
 - a) Mortgage Reducing Term Assurance (MRTA) or Mortgage Reducing Term Takaful (MRTT) to cover the borrower(s) in the event of death or permanent disability.
 - b) Fire insurance or home owner's insurance to cover the property (Compulsory).

8. 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.
- To update your contact details, you may visit any of our branches or inform us in writing at:

Hong Leong Bank Berhad, Commercial and SME Banking
Address : Level 9, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur
E-mail : SME@hlbb.hongleong.com.my

9. Where can I get assistance and redress?

- If you have difficulties in making repayments, you should contact us earliest possible to discuss repayment alternatives. You may contact us at:

Hong Leong Bank Berhad, Commercial and SME Banking
Address : Level 9, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur
Telephone : 03-7661 7777
E-mail : SME@hlbb.hongleong.com.my
Website : www.hlb.com.my

- Alternatively, you may seek the services of:
 - a) Khidmat Nasihat Pembiayaan (KNP), a service formalized by Bank Negara Malaysia in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling & Pengurusan Kredit (AKPK) via MyKNP@CGC that provides financial advisory and recommendations to Small and Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks. You may contact KNP at:

MyKNP@CGC Advisory Unit under CGC
Address : CGC Advisory at any of CGC branches nationwide. Please refer to CGC website for the branch location <https://www.cgc.com.my/cgc-branches>
Telephone : 03- 7880 0088
E-mail : myknp@cgc.com.my
Website : <https://www.bnm.gov.my/MyKNP>

- b) Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia as a one-stop platform for both individuals and SMEs seeking debts restructuring services, as well as financial education and credit advisory. You may contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)

Address : Tingkat 8, Maju Junction Mall 1001, Jalan Sultan Ismail 50250
Kuala Lumpur

Telephone : 03- 2616 7766

E-mail : enquiry@akpk.org.my

Website : <https://www.akpk.org.my/sme-help-desk>

- To make a complaint on products or services offered, you may contact us at:

Customer Advocacy

Address : Level 13A Floor, Menara Hong Leong,
No 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

Telephone : 03-7626 8801 / 03-7626 8802 / 03-7626 8812

E-mail : customerservice@hlbb.hongleong.com.my

- If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia at:

Bank Negara Malaysia LINK or BNMTELELINK

Address : Block D, Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur.

Telephone : 1-300-88-5465

Fax : 03-2174 1515

E-mail : bnmtelelink@bnm.gov.my

10. Where can I get further information?

- Should you require additional information about taking a Term Loan facility, please refer to www.hlb.com.my

11. Other similar products available

- None.

IMPORTANT NOTE

THE BANK HAS THE RIGHT TO PROCEED WITH LEGAL ACTION AND FORECLOSURE OF YOUR ASSET FINANCED BY OR CHARGED AS COLLATERAL TO THE BANK SHOULD YOU FAIL TO PAY YOUR MONTHLY INSTALMENT PROMPTLY

The information provided in this product disclosure sheet is valid as at <dd/mm/yy>