

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to take up Overdraft Facility. 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



Overdraft Secured by Unit Trust

Date: <Date Letter of Offer issued>

1. What is this product about?

This is a secured overdraft facility granted to individuals for personal advances purposes.

You are offering your pledged securities acceptable by Hong Leong Bank (“**Bank**”) for Overdraft Financing (“**the Facility**”). Interest shall be charged on the utilized portion of your overdraft facility.

2. What do I get from this product?

Product Features

| Item | Description | | | | | | | | | | | | |
|--|---|---------------------------|---|----------|-------------------------|---|-----------|-----|---|----------------------|--|---|------------|
| Facility Limit | <ul style="list-style-type: none"> Minimum RM 100,000 Maximum credit limit is subject to management approval | | | | | | | | | | | | |
| Margin of Advance (“MOA”) | Up to 60% | | | | | | | | | | | | |
| Loan Servicing Ratio (“LSR”) | <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> $LSR = \frac{\text{Total Outstanding Balance}}{\text{Total Collateral Value}^*}$ </div> <p>Example:</p> <table border="1" style="margin-left: 20px;"> <tr> <td>Total Outstanding Balance</td> <td>=</td> <td>RM35,000</td> </tr> <tr> <td>Total Collateral Value*</td> <td>=</td> <td>RM100,000</td> </tr> <tr> <td>LSR</td> <td>=</td> <td>RM35,000 / RM100,000</td> </tr> <tr> <td></td> <td>=</td> <td>35%</td> </tr> </table> <p><i>*Collateral value is determined by the Bank</i></p> | Total Outstanding Balance | = | RM35,000 | Total Collateral Value* | = | RM100,000 | LSR | = | RM35,000 / RM100,000 | | = | 35% |
| Total Outstanding Balance | = | RM35,000 | | | | | | | | | | | |
| Total Collateral Value* | = | RM100,000 | | | | | | | | | | | |
| LSR | = | RM35,000 / RM100,000 | | | | | | | | | | | |
| | = | 35% | | | | | | | | | | | |
| Margin Call | Triggered when LSR ≥ 65% | | | | | | | | | | | | |
| Force Selling | Triggered when LSR ≥ 80% | | | | | | | | | | | | |
| Prescribed Rate / Effective Lending Rate | <p>Prescribed Rate: SBR + 2.25% per annum (Effective Lending Rate** at 5.25% per annum where the Standardised Base Rate (“SBR”) is currently at 3.00% per annum)</p> <p>**This is an indicative rate and the actual Effective Lending Rate will be determined by Bank management.</p> <p>Note:</p> <ul style="list-style-type: none"> Interest is calculated on daily rest basis. The final prescribed interest rate will be stated in Letter Offer that will be given to you upon loan acceptance. The Facility is subject to an annual review. | | | | | | | | | | | | |

Dividends

Dividends received from pledged collateral (i.e. Unit Trust) will be credited back to your loan account and used to settle the outstanding Overdraft Secured by Unit Trust loan amount. If you wish to withdraw your received dividends, you may submit a drawdown request.

3. Who is eligible to apply for this product?

- Individuals aged between 18 to 70, and
- Malaysian or Malaysian with Permanent Residency of a country outside Malaysia, and stays more than 182 days per calendar year in Malaysia, **OR**
- Non-Malaysian with Permanent Residency in Malaysia, and stays more than 182 days per calendar year in Malaysia

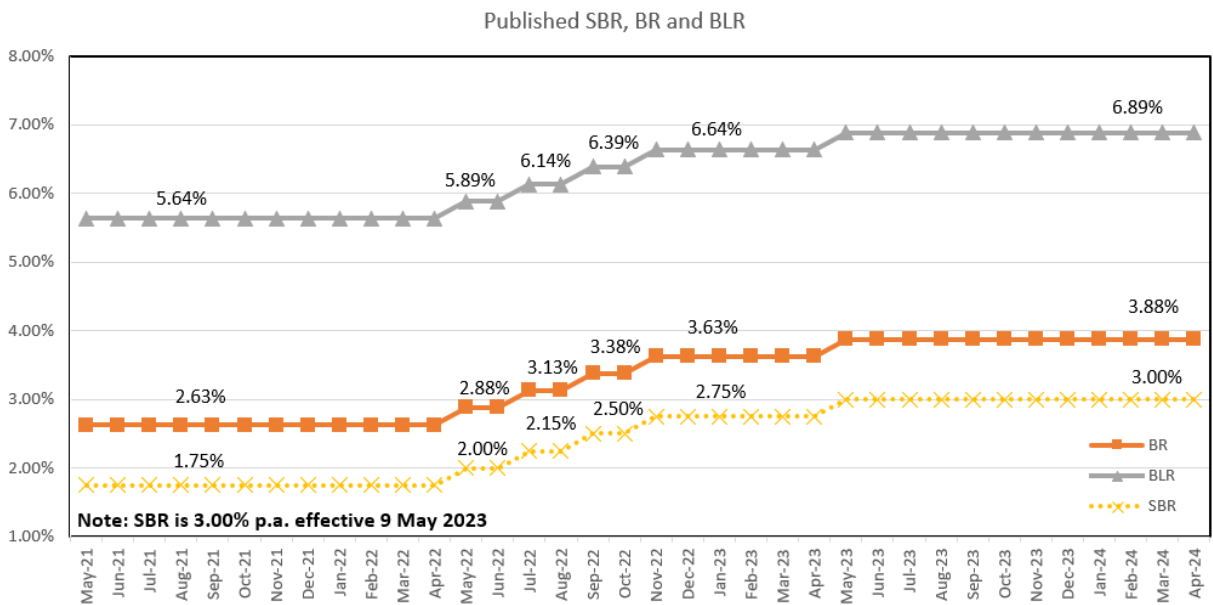
4. What is the Standardised Base Rate (SBR)?

The SBR we offer on this product is based on the benchmark rate specified by Bank Negara Malaysia. The benchmark rate is currently set as the Overnight Policy Rate (“OPR”), which reflects the monetary policy stance as decided by the Monetary Policy Committee of Bank Negara Malaysia.

5. What are the possible scenarios to trigger a change in the SBR?

The SBR can rise or fall due to changes in the benchmark rate, i.e. changes in the Overnight Policy Rate (OPR).

6. Historical SBR for the past 3 years



For a longer historical series, please refer to our website at <https://www.hlb.com.my/en/personal-banking/help-support/interest-rates/reference-rate.html>

7. What are my obligations?

- No monthly fixed repayment is required, however the interest payable amount on your outstanding balance is capitalised on a monthly basis, based on the utilised amount of your Facility.
- All financing amount outstanding/loan outstanding under the Facility, including the principal sum, interest and any other fees and charges must be repaid upon demand.
- Interest is calculated on daily rest basis commencing from the date of first advance and calculated on the daily outstanding balance of the Facility.

- Formula used to calculate the interest charge (daily rest):

$$\text{Daily Interest Charge} = \frac{\text{Total Outstanding Balance of the day} \times i}{T}$$

Where,

i = Interest rate (per annum)

T = Number of days in a year

Example:

| | | |
|---------------------------|---|---|
| Total Outstanding Balance | = | RM35,000 |
| Daily Interest Charge | = | $\frac{RM35,000 \times 5.25\%}{365 \text{ days}}$ |
| | = | RM5.034 |

- You shall maintain the LSR at all times.
- In the event you exceed the approved MOA by 5%, there will be a Margin Call and your account position must be regularised to the approved MOA ratio within forty-eight (48) hours excluding non-market days.
- The LSR ratio on your account may fluctuate according to the market value of your pledged Unit Trusts.
- If the outstanding balance is in excess of Approved Facility Limit, repayment(s) must be made to reduce the outstanding balance.
- The interest derived from the utilised principal sum (including additional and capitalised interest) will be capitalised on a monthly basis, to be added to the principal sum then owing at the Prescribed Rate.
- For facility above RM250,000, a Commitment Fee of 1% per annum will be charged on the daily unutilised amount of the Overdraft Facility.

8. What other charges do I have to pay?

For full list of fees and charges, please visit our website www.hlb.com.my/loan1 or scan here:



9. What if I fail to fulfil my obligations?

- When the loan outstanding amount exceeds the Facility Limit, default interest of 1% per annum is charged on the excess portion above the Facility Limit.
- In the event of a failure to regularise the account position during margin call, the Bank will proceed to liquidate part of or the entire portion of the pledged Unit Trusts to restore the Margin of Advance.
- Right to set-off: The Bank has the right to set-off credit balance in your account(s) maintained with us towards full settlement or to reduce the outstanding loan in your Overdraft account(s) by providing seven (7) calendar days' written notice to you.
- Further legal action may be taken against you if you have shortfall in your account.
- Legal action against you may affect your credit rating leading to credit being more difficult or expensive to you.

| |
|---|
| 10. What if I fully settle the loan during the lock-in period? |
| You can make a full settlement on your loan at any time with no penalty charged. |
| 11. Do I need any insurance/takaful coverage? |
| Not Applicable. |
| 12. Do I need a guarantor or collateral? |
| <ul style="list-style-type: none"> The requirement of any guarantor is subject to the credit assessment by the Bank. Examples of acceptable collaterals are selected Unit Trusts distributed by Hong Leong Bank Berhad. |
| 13. What are the major risks? |
| <ul style="list-style-type: none"> Loan Financing Risk You should assess the inherent risk/existing risk of investing with borrowed money which should include the following: <ul style="list-style-type: none"> i. The ability to service interest and repay the outstanding credit facility as and when is required; and ii. The ability to provide additional cash and/or securities should pledged collateral value fall beyond a certain level/the account is under margin call or force sell. Interest Rate Risk The effect of increase in interest rates on the loan financing, an increase in interest rate will reduce the return of investment. Liquidity Risk The pledged securities or asset cannot be liquidated immediately in the market to rectify the margin call/ force sell level, resulting lower sales/ redemption proceeds and may lead to lower return of investment. |
| 14. 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 such as telephone numbers, mailing address and email address to ensure that all correspondences reach you in a timely manner. To update your correspondence details, please contact the Bank at +603-7626 8899 or visit any of our nearest branches nationwide. |
| 15. Where can I get assistance and redress? |
| <ul style="list-style-type: none"> If you have difficulties in making repayments, you may contact us as early as possible to discuss alternatives. You may contact our Share Margin Financing Centre at: Hong Leong Bank Berhad Level 12 Hong Leong Tower, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur. Tel : +603-2081 2890 / +603-2081 2886 Fax : +603-2081 8930 E-mail: SMF_KLM@hlbb.hongleong.com.my Alternatively, you may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara to provide free services on money management, credit counseling, financial education and debt restructuring for individuals. You can contact AKPK at: Tingkat 5 and 6, |

Menara Bumiputra Commerce,
Jalan Raja Laut,
50350 Kuala Lumpur.
Tel : +603-2616 7766
E-mail: enquiry@akpk.org.my

- **POWER!** (Pengurusan Wang Ringgit Anda) Programme, offered by AKPK, promotes prudent money management and financial discipline to individual borrowers. To register and for further information, you can contact at:
Tel: +603-2616 7766
Website: <https://power.akpk.org.my/> or www.akpk.org.my
- If you wish to complain on the products or services provided by the Bank, you may contact **Customer Advocacy** at:
Hong Leong Bank Berhad
Level 13A, Hong Leong Tower,
No. 6, Jalan Damanlela,
Bukit Damansara, 50490 Kuala Lumpur.
Tel : +603-7626 8801 / +603-7626 8802 / +603-7626 8812.
E-mail: customerservice@hlbb.hongleong.com.my
- If your query or complaint is not satisfactorily resolved by the Bank, you may contact **Bank Negara Malaysia LINK** at:
4th Floor, Podium Bangunan AICB,
No. 10, Jalan Dato' Onn,
50480 Kuala Lumpur
Tel : 1-300-88-5465
Fax : +603-2174 1515
For more information, please visit bnmlink.bnm.gov.my
- If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to **Securities Industry Dispute Resolution Center ("SIDREC")** at
Unit A-9-1, Level 9, Tower A,
Menara UOA Bangsar,
No. 5 Jalan Bangsar Utama 1,
59000 Kuala Lumpur.
Tel: +603-2282 2280
Fax: +603-2282 3855
E-mail: info@sidrec.com.my
For more information, please visit www.sidrec.com.my

16. Where can I get further information?

- Should you require additional information on Hong Leong Bank Overdraft Secured Against Unit Trust, please visit any of our nearest branches nationwide and our website at www.hlb.com.my
- If you have any enquiries, please contact us at:
Tel: +603-2081 8770 / +603-2081 1678 / +603-2081 1672
Email: HLBBSMFDept@hlbb.hongleong.com.my

17. Other loan packages available

Share Margin Financing

IMPORTANT NOTE: THE BANK MAY PROCEED TO LIQUIDATE YOUR PLEDGED COLLATERAL(S) IF YOU DO NOT REGULARISE MARGIN CALL WITHIN THE GRACE PERIOD OF FORTY-EIGHT (48) HOURS EXCLUDING NON-MARKET DAYS. FORCE SELLING MAY IMMEDIATELY BE TAKEN AGAINST YOUR PLEDGED COLLATERAL(S) IF MARGIN OF ADVANCE EXCEEDS 80% AT ANY TIME.

The information provided in this disclosure sheet is valid as at **30 April 2024.**

Applicant's Declaration:

I hereby declare that I have read and understood the contents of the Product Disclosure Sheet contained herein.

Applicant's Signature : _____
Applicant's Name : _____
Applicant's NRIC / Passport : _____
Date : _____