

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to sign-up for the HSBC Amanah Malaysia Berhad's ("the Bank") Cash Line-i product. Be sure to also read the Relationship Terms of Business and Generic Terms & Conditions for Commercial Banking and the terms and conditions as stipulated in the Facility Offer Letter.

HSBC Amanah Malaysia Berhad
• Cash Line-i Facility (CL-i)

Date: January 2024

1. What is this product about?

- The CL-i is based on the Shariah principle of Commodity Murabahah. It provides customers with ready access to working capital requirements for its Shariah Compliant business activities.
- The facility is granted on an uncommitted basis, which means the bank may reduce/ cancel/ suspend the limit at any time.
- This Cash Line-i facility is calculated on per annum at daily rest above Base Financing Rate (BFR) for Ringgit facility or applicable currency Central Bank Rates / Risk Free Rates* for Foreign Currency facility.
- You may be required to provide a guarantee, pledge, security deposit and/or such other form of security to secure this facility and/or payments due to the Bank.

**Example of Central Bank Rates are: The Fed Funds Target Rate (USD) / Bank of England Rate (GBP). Examples of Risk Free Rates are: Secured Overnight Finance Rate ("SOFR") for USD / Sterling Overnight Index Average ("SONIA") for GBP.*

2. What is the Shariah concept applicable?

The applicable concept is Commodity Murabahah (cost plus profit). Under this concept, the customer will appoint the Bank as their agent to buy on their behalf, Shariah-compliant commodities, such as non-precious metals, from the Bank as seller at the Bank's deferred selling price (i.e. cost price plus profit at ceiling profit rate p.a.). After that, the Bank as the customer's agent will sell Shariah-compliant commodities which the customer has bought, at cost price to another commodities buyer. The customer is entitled to this cost price which represents the facility amount under CL-i. The customer is obliged to pay the deferred selling price to the Bank based on the terms and conditions governing the CL-i.

The Cash Line-i's profit is set at the agreed Contracted Profit Rate ("CPR") of 15%. However, the Bank will charge the customer based on the drawdown amounts computed at Effective Profit Rate ("EPR" i.e. Bank's Base Financing Rate plus a margin). The difference between CPR and EPR will be granted as a rebate ('ibra) to the customer. Thus, provided EPR stays below the CPR, customers are only expected to pay the EPR. The Bank cannot charge the customer more than the CPR under the facility.

3. What do I get from this product?

- A Cash Line-i limit of **RMxxx**, once approved, will be maintained in the Customer's current account. Customer may draw up to the limit and profit rate will be charged on the amount drawn and profit rate plus 1% per annum in respect of Extended Limit (if any).
- The monthly profit rate will be calculated based on the Effective Profit Rate (EPR).

$$EPR = \text{Bank's Base Financing Rate (which fluctuates from time to time)} + [x]\% \text{ p.a.} + 1\%$$

Example : Amount utilised x EPR% [RM to indicate]

(Our present Base Financing Rate ("BFR") is at per centum per annum)

- The Bank will only charge the customer the EPR rate and the bank shall grant a rebate ('ibra) on the difference between CPR and EPR.

4. What are my obligations?

- As this is an Cash Line-i facility, there is no fixed payment amount. The charges are based on the amount utilised which may vary throughout the profit period.
- You are to pay amounts due in accordance to the facility documentation.
- You may be required to provide/procure a guarantee, pledge, security deposit and/or such any other form of security to secure this facility and/or payments due to the Bank.

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

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Stamp Duties:	As per the prevailing Stamp Act 1949 (Revised 1989) and subject to any stamp duty exemption or remission orders, if any, as may be granted from time to time.
Legal fees:	Legal fees incurred in the preparation of all documentation and perfection of the bank's security documents.
Excess/Overlimit Fee	Additional 1% per annum as part of the EPR formula (or as stipulated in the Facility Offer Letter) of the excess amount.
Tax:	Where tax is chargeable on any of the above fees and charges, the applicable tax shall be imposed in addition to such fees and charges, and shall be payable.
Late Payment Charges	During the tenure – 1 p.a of overdue amount After maturity – IIMM – rates in the principal balance outstanding
Early Settlement Fee	1 month notice is required & subject to actual charges and expenses incurred due to the early settlement
Prepayment Fee	1 month notice is required

Other fees and charges : [RM to indicate the fees/charges as per the existing tariff and charges that customer need to pay]

Brokerage/Trading fee for commodity trading*	<ul style="list-style-type: none">▪ Bursa Commodity House (BCH): 15 per currency per million or;▪ London Metal Exchange (LME): 10 per currency per million subject to a minimum brokerage fee of USD10 (if commodities traded on the London Metal Exchange are purchased).
Holding administrative fee (applicable to BCH only)*	RM10 per million for holding commodity exceeding first two (2) hours and for every succeeding hours

Note: The brokerage/trading holding fee shall be shared equally between the Bank and the customers.

**<RMs to remove the brokerage fee if it is fully absorb by the Bank>*

The fees and charges mentioned in our schedule of tariff and charges (as may be varied from time to time) are also applicable based on the transaction types mentioned therein. See this link for more information : <https://www.hsbcamanah.com.my/content/dam/hsbc/hbms/documents/tariffs-and-charges.pdf>

5. What if I fail to fulfil my obligations?

Late Payment Charges:

During financing tenure	<p>1% p.a. on the overdue instalment</p> <p>Formula: overdue instalment amount in arrears x 1% x n/365</p> <p>(n= number of days overdue)</p> <p>Example: If the customer's overdue instalment amount in arrears is RM100,000 and the number of days overdue is 20 days, the computation of compensation charge is as follows:</p> <p>$RM100,000 \times 1\% \times 20/365 = RM54.79$</p>
After expiry of financing tenure	<p>Not exceeding the IIMM-rate on the outstanding principal amount</p> <p>(IIMM-rate is the daily weighted average overnight rate for Islamic financial instruments quoted in Malaysia's Islamic Interbank Money Market).</p> <p>Formula: outstanding principal amount x IIMM-rate x n/365</p> <p>(n= number of days overdue)</p> <p>Example: If the customer's overdue instalment amount in arrears is RM100,000; the IIMM rate is 2%; the number of days overdue is 20 days, the computation of compensation charge is as follows:</p> <p>$RM100,000 \times 2\% \times 20/365 = RM109.59$</p>
<ul style="list-style-type: none"> ▪ Profit will be charged on the utilised portion on monthly basis and will be added to the outstanding facility amount for the purpose of profit calculation until the Cash Line-i is reduced by way of deposits into the current account. Thereafter, the profit will be charged on the reduced outstanding amount. ▪ Right to set-off: <ul style="list-style-type: none"> ○ The Bank have the right to set-off any credit balance in your account(s) maintained with us, at any time with a notice against any outstanding balance in this financing account ▪ Right to commence recovery activities: <ul style="list-style-type: none"> ○ In the event of default, the Bank has the right to demand for payment acceleration of the Bank's Sale Price and commence recovery activities such as foreclosure and bankruptcy proceedings. 	
6. What if I fully settle the financing before its maturity?	
<p>The Bank shall, subject to your compliance of all terms and conditions (including one (1) month's written notice), grant an Ibra' (rebate) to you in respect of any early settlement.</p> <p><u>Illustration of Cash Line-i Facility Profit & Early Settlement Computation</u></p> <p>Cash Line-i facility limit : RM100,000.00</p> <p>Contracted Profit Rate : 15%</p> <p>Effective Profit Rate : BFR + 2.00% (BFR = 6.60%; EPR = 8.60%) + 0% (no extended limit</p>	

	utilised)
Tenure	: 1 year
Tenure Begins On	: 01 January 2023
Tenure Ends On	: 31 December 2023
Selling Price: RM175,000 (i.e. Financing Amount + Total Profit)	
Total Profit = Fin amount x Contracted Profit Rate x tenor (i.e. number of years)	
= RM100,000 x 15% x 5 years = RM75,000	
<u>Example of Profit Computation</u>	
Total utilisation in January (31 days) = RM100,000.00	
The Monthly Profit Charge (MPC), upon rebate considered (CPR – EPR) is calculated as follows:	
MPC = <u>Actual CL-i utilisation x Effective Profit Rate x Actual No. of days</u>	
$= \frac{\text{RM100,000.00} \times 8.60\% \times 31 \text{ days}}{365} = \text{RM730.41}$	
<u>Example of Early Settlement</u>	
Customer wishes to early settle on 31 January 2023, where:	
Deferred Profit = <u>RM100,000.00 x 8.60% x (365 -31 days i.e. remaining tenor)</u> = RM730.41	
$= \frac{\text{RM100,000.00} \times 8.60\% \times (365 - 31 \text{ days})}{365} = \text{RM730.41}$	
Early Settlement Charges: RM0	
Ibra' = Deferred Profit (CPR-EPR) – Early Settlement Charges (if any) = (RM75,000 – RM730.41) – RM0 = RM74,269.59	
Settlement Amount = Outstanding Principal + Deferred Profit = RM100,000 + RM730.41 = RM100,730.41	
Note: The values illustrated above may change according to a number of variables such as promptness of payments by customer, different amount of disbursement and prepayments.	
7. Do I need any insurance/takaful coverage	
<ul style="list-style-type: none"> Insurance/Takaful coverage is not required for a Cash Line-i facility unless otherwise advised. However, if there are property charged to us as security for the Cash Line-i facility, it shall be insured by an insurer/takaful operator acceptable to the Bank. You may let us know of your choice of insurer/takaful operator for verification. 	
<i>Note: customers are free to obtain service of non-panel takaful operators for takaful coverage for the security charged to the Bank.</i>	
8. What are the major risks?	
<ul style="list-style-type: none"> As the profit charged is dependent on BFR or applicable market reference rate as agreed in your facility offer which is subject to change, you may incur higher profit charges when the BFR or applicable market reference rate moves upward. 	

- If your business / company have problems regularising your account, contact us early to discuss payment alternatives.

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

- It is important that the Bank is informed of any change in your/your business/company's contact details to ensure that all correspondences reach you/your business/company in a timely manner.
- Changes in your/your business/company's contact details should be formally submitted in writing and duly authorized by the company's authorised signatories. Please contact your Relationship Manager for further clarification.

10. Where can I get further information?

- If you have any enquiries, please contact your Relationship Manager or visit our website at: <https://www.business.hsbcamanah.com.my/en-gb>

11. Where can I get assistance and redress?

- If you have difficulties in making monthly payments, you should contact your dedicated Relationship Manager at the earliest possible instance to discuss payment alternatives.
- You may also seek the services 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 and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)
Email: enquiry@akpk.org.my

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

HSBC Amanah Malaysia Berhad
Customer Relations Team
Level 30, Menara IQ, Persiaran TRX
55188 Tun Razak Exchange, Kuala Lumpur.
E-mail: complaints@hsbc.com.my

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

Bank Negara Malaysia
Jalan Dato' Onn
P.O. Box 10922
50929 Kuala Lumpur.
Tel: 1300-88-5465 (1-300-88-LINK)
(Overseas: 603-2174-1717)
Fax: 03-2174 1515

Email: bnmtelelink@bnm.gov.my

Web form: eLINK at <https://telelink.bnm.gov.my/>

Operating Hours: 9.00AM to 5.00PM – Monday to Friday

General Number: 603-26988044 / 2698 9044 / 9179 2888

12. Other facilities/packages available:

The Bank has a wide range of financing facilities available such as Revolving Financing-i, Commodity Murabahah Financing-i, and Trade Facilities. You may also refer to our website at <https://www.business.hsbcamanah.com.my/en-gb> for further details.

IMPORTANT NOTES:

- The facility(ies) is provided on an uncommitted basis where the Bank has the right to reduce/ cancel/ suspend the Cash Line-i limit at any time.
- The facility(ies) may be immediately suspended or terminated and all sums payable on demand in the event the customer default in the payment of any sum due under the facility(ies) whether profit or otherwise or is in breach of the terms of the facilities documentation.
- The Customer are advised to go through and understand the information in this Product Disclosure Sheet. HSBC Amanah recommends that before the customer make any decision or accepting any of the Bank's terms and conditions for this product (*for example, terms and conditions found in facility offer letter, or the Bank's Generic Terms and Conditions, etc*) the customer should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if you are in doubt. Should you require any support, kindly reach out to your Relationship Manager or the relevant HSBC/HSBC Amanah officer. Your subsequent application for the banking service/facility is deemed as having an understanding of the relevant product (and the customer have sought for clarification, if required).
- **The Customer hereby acknowledges and agrees that by signing this document (or by signing on the Covering Letter or by way of an email confirmation provided to HSBC/HSBC Amanah), all the terms and conditions of the Product Disclosure Sheet (PDS) have been explained to them and they have read and understood the PDS given.**

The information provided in the disclosure sheet is valid as at **<RMs to insert>**

Issued by HSBC Amanah Malaysia Berhad (Company No. 200801006421 (807705-X))

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Name:

Designation:

Company Name:

Date: