

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before the customer decide to sign-up for the HSBC Amanah Malaysia Berhad's ("the Bank") Commodity Murabahah Financing-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
• **Commodity Murabahah Financing-i (CMF-i)**

Date : January 2024

1. What is this product about?

- Commodity Murabahah Financing-i is a non-revolving credit that has a predetermined maturity date and payment schedule.
- The facility may be used for financing the purchase of fixed assets such as properties or machineries and sometimes for working capital. For property financing, the said property is to be charged/assigned to the Bank.
- The facility is calculated on a variable basis, which means the profit of the facility changes with the changes in market reference rates.
- You may be required to provide/procure a guarantee, pledge, security deposit and/or such other form of security to secure this facility and/or payments due to the Bank.

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 CMF-i. The customer is obliged to pay the deferred selling price to the Bank based on terms and conditions governing the CMF-i.

The CMF-i 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. KLIBOR or Bank's Base Financing Rate plus/minus 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.

2. What do I get from this product?

A. Effective Profit Rate

Effective Profit Rates ("EPR") charges will depend on the purpose of financing and is pegged to an applicable base rate (eg. KLIBOR, applicable currency Risk Free Rates, Term Rates / Central Bank Rates* etc.) and will be subject to the relevant credit approvals.

**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. Examples of Term Rates are: EURIBOR (EUR) / TIBOR (JPY).*

Example:

Effective Profit Rate (EPR):	KLIBOR* + 1.5% p.a
Financing amount:	RM 1,000,000

Financing tenure:	10 years
1 month KLIBOR rate* (prevailing rate as of May22)	2.14% p.a, subject to market fluctuations.
All in Rate (EPR)	3.64% p.a
Contracted Profit Rate	15% p.a
Monthly Profit Charged	RM 2,991.78 Calculation: (Outstanding Principal Amount x Effective Profit Rate x No. of days in the Profit Period) = RM 1,000,000 x 3.64% x 30 / 365 = RM 2,991.78

* KLIBOR / Rate tenure is aligned with periodicity of the profit period.

B. Contracted Profit Rate (“CPR”)

CPR will be used to calculate the Total Profit form the whole financing tenure. In any cases where the effective rate is more than 15% p.a., you will only be charged a maximum rate of 15%p.a.

3. What are my obligations?

- Payment for the CMF-i facility is typically in the form of monthly, quarterly or semi-annually instalment. You are required to service such instalment amount upon first drawdown or after full disbursement as stipulated in your facility offer.
- Servicing of the profit charged pending full disbursement.
- You may also be required to provide/procure a security e.g. guarantee, pledge, security deposit to secure this facility and/or payments due to the Bank.

Note: Your monthly / quarterly / semi-annually instalment and total payment amount will vary according to changes in the applicable base rate

- Blank Field for RMs
<RM to indicate the exact amount>

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

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.
Facility Arrangement Fee	Minimum RM2,000. [†]
Facility Management Fee	RM400 to be charged for each annual review or upon amendment of existing facilities with the approved amount not more than RM10 million. [†]
Late Payment Charges	During the tenure – 1 % p.a of overdue amount After maturity – IIMM – rates in the principal balance outstanding
Early Settlement Fee	No fee will be imposed for early settlement, however 1 month notice is required 1 month notice is required & subject to actual charges and expenses incurred due to the early settlement
Prepayment Fee	No fee will be imposed for prepayment, however 1 month notice is required & any reasonable charges and expenses incurred due to the prepayment

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				
<p>†Not applicable to Customer which is a “small and medium enterprise” within the National SME Development Council’s definition (“SME”)</p> <p>BLANK FIELD FOR RMs <i>(Relationship Manager to indicate all the relevant fees associated with granting of CMF-i line to customers)</i></p> <table> <tr> <td>Brokerage/Trading fee for commodity trading*</td><td> <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).* </td></tr> <tr> <td>Holding administrative fee (applicable to BCH only)*</td><td>RM10 per million for holding commodity exceeding first two (2) hours and for every succeeding hours</td></tr> </table> <p><i>*Note: The brokerage/trading holding administrative fees shall be shared equally between the Bank and the customers.</i></p> <p><i>*<RMs to remove the brokerage fee if it is fully absorb by the Bank></i></p> <p>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</p>		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
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5. What if I fail to fulfil my obligations?					
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(n= number of days overdue)

Example - If the customer's overdue instalment amount in arrears is RM100,000; the IIMM rate is 2%; the number of days overdue is 200 days, the computation of compensation charge is as follows:

RM100,000 x 2% x 20/365 = RM109.59

Right to set-off:

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:

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?

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.

Illustration of CMF-i Profit & Early Settlement Computation

Financing Amount: RM1,000,000

Contracted Profit Rate: 15%

Effective Profit Rate : KLIBOR +1.5% = 3.64%

Tenure: 36 months

Selling Price: RM1,450,000 (i.e. Financing Amount + Total Profit @CPR)

Total Profit = Fin amount x Contracted Profit Rate(CPR) x tenor (i.e. number of years)

= RM1,000,000 x 15% x 3 years = RM450,000*

Example of actual Profit Computation:

Actual Total Profit = Financing Amount x Effective Profit Rate tenor (i.e. number of years)

= RM1,000,000 x 3.64% x 3 years = RM109,200

Example of Payment Schedule:

Payment Month	Monthly Payment Amount	Principal payment	Profit Payment	Outstanding Selling Price	Outstanding Principal	Deferred Profit @EPR
0				1,109,200.00	1,000,000.00	109,200.00
1	30,811.11	24,988.56	5,822.55	1,078,388.89	975,011.44	103,377.45
3	30,811.11	25283.6	5527.51	1,047,577.78	924,044.39	92,722.28

12	30,811.11	26777.03	4034.08	739,466.68	689,154.94	50,311.74
24	30,811.11	28569.98	2241.13	369,733.36	356,335.60	13,397.76
29	30,811.11	29547.28	1263.83	215,677.81	210,767.12	4,910.69
30	30,811.11	29623.5	1187.61	184,866.70	181,143.62	3,723.08
36	30,811.11	30601.94	209.17		0	0

Example of Early Settlement Computation:

Customer wishes to early settle on the 30th payment month, where Deferred Profit = RM1,187.61; Outstanding Selling Price (EPR) = RM184,866.70; Early Settlement Charges: RM0;

$\text{Ibra}' = \text{Deferred Profit (CPR minus EPR)} - \text{Early Settlement Charges (if any)} = (\text{RM}450,000 - \text{RM}105,476.92) \text{ RM}344,523.08 - \text{RM}0 = \text{RM}344,523.08$

Settlement Amount = Outstanding Principal + Deferred Profit

Early Settlement Charges: RM0

Settlement Amount = Outstanding Principal + Deferred profit

= RM181,143.62 + 1187.61

= RM184,866.70

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

- Insurance/Takaful coverage is not required for a Commodity Murabahah Financing-i facility.
- However, if there are property charged to the Bank as security for the term financing facility, it shall be protected by an insurer/takaful operator acceptable to the Bank. You may let the Bank know the choice of insurer/takaful operator for verification.

<RM to indicate the type of insurance coverage required e.g. Fire Commercial, MRTA/MRTT, etc>

Note: customers are free to obtain service of non-panel takaful operators for takaful coverage for the security charged to the Bank.

8. What are the major risks?

- Effective Profit Rate is fixed for the whole tenure, therefore not subject to fluctuations and there will not be any change in the fixed monthly payments. ***remove if it is not relevant**
- As the Effective Profit Rate charged is dependent on floating benchmark rate used to price the facility (which is subject to fluctuate from time to time), you may incur higher profit charges when the floating benchmark rate moves upward.* **remove if it is not relevant**

If you/your business/company have problems regularizing 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 the applicable periodical 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, Cash Line-i, Industrial Hire Purchase-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) 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 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 the customer are in doubt. Should the customer 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 **<RM to insert>**

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

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Name:
Designation:
Company Name:
Date: