

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to sign-up for the HSBC Amanah Malaysia Berhad's ("the **Bank**") Revolving 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
• **Revolving Financing-i (RF-i)**

Date : January 2024

1. What is this product about?

- A Revolving Financing-i is a credit facility granted to meet the Customer's short-term working capital requirement.
- The facility offers customers flexibility of only paying the profit payments upon the end of the rollover period / paying back the principal amount fully (plus profit charged) or making a partial payment or totally renewing the facility for another short-term tenure i.e. rollover the principal amount and tenure, subject always to servicing of profit.
- The facility is granted on an uncommitted basis, which means the bank may reduce/ cancel/ suspend the limit at any time.
- The Revolving Financing-i is calculated on a variable basis, which means the profit calculation of the facility changes with the changes in market rates.
- You may be required to provide/procure a guarantee, Takaful / Insurance, pledge, security deposit and/or such other form of security to secure this facility and/or payments due to the Bank.

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

The RF-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/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?

Profit rates charges will depend on the purpose of financing and is pegged to an applicable prevailing 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:	KLIBOR* + 1.5% p.a
Facility Limit:	RM 500,000
Financing amount (utilised):	RM 200,000
Rollover Period	3 months
3 months KLIBOR rate* (prevailing rate as of	2.26% p.a, subject to market fluctuations.

May23)	
Effective Profit Rate (All in rate)	3.76% p.a.
Contracted Profit Rate (CPR)	15% p.a.
Profit charged	RM 1,854.25 (Profit charged on amount utilised) Calculation: (RM 200,000 x 3.76% x 90 / 365) = RM1,854.25
Banks Sale Price	Financing amount x CPR x tenure

* *KLIBOR / Rate tenure is aligned with the rollover tenure.*

3. What are my obligations?

- Servicing the profit charged based on your utilisation amount of the facility.
- Servicing the outstanding amount (principal sum plus profit charged or any other monies) owing to the Bank upon maturity unless renewed (rollover of principal and tenure) for another short term tenure.
- 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 total payment amount will vary according to the changes in the applicable prevailing rate.

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 RM400. [†]
Compensation for late payment	During the tenure – 1 % p.a. of overdue amount After maturity at a rate not exceeding the prevailing IIMM rate on the principal balance outstanding
Early settlement	1 month notice is required & subject to actual charges and expenses incurred due to the early settlement
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

[†]Not applicable to Customer which is a "small and medium enterprise" within the National SME Development Council's definition ("SME")

Blank Field for RMs

(RM to indicate other fixed charges/fees associated with a Revolving Financing-i)

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 on our website for more information : [tariffs-and-charges.pdf \(hsbcamanah.com.my\)](https://www.hsbcamanah.com.my/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>At a rate not exceeding the prevailing IIMM-rate on the principal balance outstanding.</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>

- 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 facility 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.

Formula:

Illustration of RF-i Facility Profit & Early Settlement Computation

RF-i facility limit	:	RM100,000.00
Contracted Profit Rate	:	15%
Effective Profit Rate	:	KLIBOR +1.5% = 3.64%
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

Example of Profit Computation

Total utilisation in January (31 days) = RM100,000.00

The Monthly Profit Charge (MPC) is calculated as follows:

MPC = $\frac{\text{Actual RF-i utilisation} \times \text{Effective Profit Rate} \times \text{Actual No. of days}}{365}$

$$= \frac{\text{RM100,000.00} \times 3.64\% \times 31 \text{ days}}{365} = \text{RM309.15}$$

Example of Early Settlement

Customer wishes to early settle on the 31 January 2023, where:

Deferred Profit = $\frac{\text{RM100,000.00} \times 3.64\% \times (365 - 31 \text{ days i.e. remaining tenor})}{365} = \text{RM309.15}$

Early Settlement Charges: RM0

Ibra' = Deferred Profit (CPR minus EPR) – Early Settlement Charges (if any) = (RM75,000 – RM309.15) – RM0 = RM74,690.85

Settlement Amount = Outstanding Principal + Deferred Profit = RM100,000 + RM309.15 = RM100,309.15

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 Revolving Financing-i facility. However, if there are property charged to us as security for the Revolving Financing-i facility, it shall be protected by an insurer/takaful operator acceptable to the Bank. You may let us know of your choice of insurer/takaful operator for verification.
8. What are the major risks?
<ul style="list-style-type: none"> Partial Payments <ul style="list-style-type: none"> If the Bank receives insufficient payment to discharge in full the amounts then due and payable under this facility, the Bank may apply such payment in the order decided by the Bank without taking account and order of payment intended by the Customer. Right of Consolidation <ul style="list-style-type: none"> The Bank may combine all outstanding financing amount and profit, on or after a demand is made as a consequence of the Bank terminating this facility (pursuant to an event of default as defined in the facilities documentation, its right to recall this facility on demand or otherwise) into a single consolidated amount and shall have the right to make reasonable adjustments Effective Profit rates may change due to changes in the reference rates. An increased in benchmark rate may result in higher monthly payment. If your business/company have problems meeting your financing obligations, contact us early to discuss payment alternatives.
9. What do I need to do if there are changes to my contact details?
<ul style="list-style-type: none"> 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 authorised by the company's authorised signatories. Please contact your Relationship Manager for further clarification.
10. Where can I get further information?
<ul style="list-style-type: none"> 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?
<ul style="list-style-type: none"> If you have difficulties in making payments for any amount due, 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 Commodity Murabahah 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) is provided on an uncommitted basis where the Bank has the right to reduce/ cancel/ suspend the Revolving Financing-i limit at any time.
- The facility(ies) may be immediately suspended or terminated and all sums payable on demand in the event you 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 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*) 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 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 you 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: