

**PRODUCT DISCLOSURE SHEET**

Kindly read this Product Disclosure Sheet together with the attached general terms and conditions before you decide to take up the Hong Leong ASB Financing-i. Please do not hesitate to contact us for clarification, if required.



**Hong Leong ASB Financing-i**

Date:

**1. What is this product about?**

This is a term financing facility secured by Amanah Saham Bumiputera (ASB)/ Amanah Saham Bumiputera 2 (ASB 2) units. It is a variable rate facility with a fixed ceiling rate. The maximum financing amount allowed for this facility is up to RM200,000 per customer per fund (excluding takaful ,will writing services and applicable stamp duty charges).

The rate charged is pegged against the Islamic Base Rate (IBR). Under this product, you are protected against a higher rate by the ceiling rate i.e. the Contracted Profit Rate (CPR) where the Selling Price is capped at CPR. No matter how high the IBR fluctuates, you will not be charged more than the CPR.

**2. What is the Shariah concept applicable?**

The Shariah principle used is Murabahah via Tawarruq arrangement. Tawarruq refers to purchasing an asset with deferred price, then selling it to a third party to obtain cash.

The mechanics involved:

1. The Bank buys the commodity\* at Facility Amount on spot;
2. The Bank now owns the commodity;
3. The Bank sells the commodity to the customer at the Selling Price on deferred payment (instalments). As the owner of the commodity, the customer may opt to take physical delivery/possession at his own expense;
4. Next, as the owner of the commodity, the customer appoints the Bank as an agent to sell the commodity;
5. The Bank (as the agent of the customer) sells the commodity at the Facility Amount on spot to a third party for cash;
6. The Bank disburses the proceeds (Facility Amount) i.e. HLISB purchases the ASB / ASB 2 units from ASNB on behalf of the Customer

\*Commodity: -

- (a) The commodity is in the form of any Shariah compliant commodities to be traded under the Facility shall be acceptable to the parties and as approved by the Shariah Committee of the Bank;
- (b) The trading is carried out on a commodity trading platform which facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.

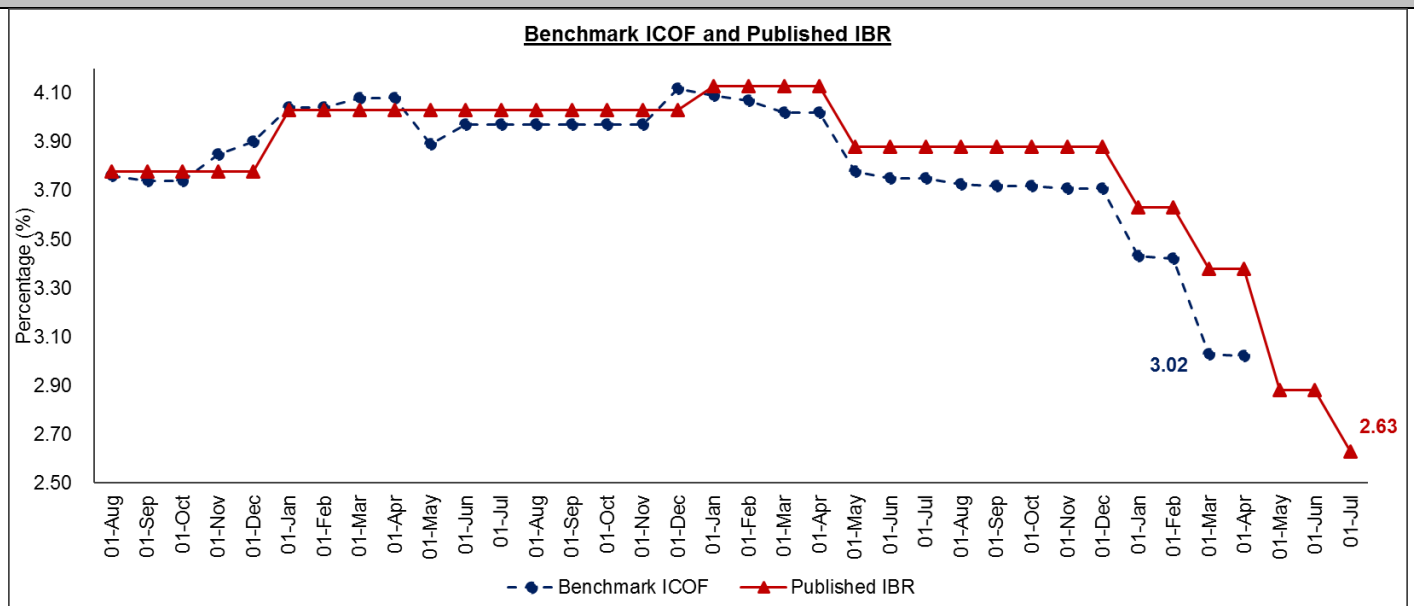
**3. What is the Islamic Base Rate (IBR)?**

The IBR we offer on this product is made up of two parts, our benchmark Islamic Cost of Funds (ICOF) and the Statutory Reserve Requirement (SRR) cost imposed by Bank Negara Malaysia. Our benchmark ICOF reflects the cost of raising new funds in prevailing market funding conditions based on the 3-month KLIBOR and customer deposit rates.

**4. What are the possible scenarios to trigger a change in the IBR?**

Our IBR can rise or fall due to changes in the benchmark ICOF and changes in the SRR. Changes in the benchmark ICOF could occur due to changes in the Overnight Policy Rate (OPR) as decided by the Monetary Policy Committee of Bank Negara Malaysia, as well as other factors such as market funding conditions, future profit rate expectations and industry deposits trend.

**5. Historical benchmark ICOF since Aug 2017**



## 6. What do I get from this product?

### Illustration

Item	Description								
Total Amount Financed	RM150,000.00								
Margin of Financing	100%								
Tenure	120 months								
Profit Rate / Effective Profit Rate	<table border="1"> <thead> <tr> <th>Profit Rate</th> <th>Effective Profit Rate</th> </tr> </thead> <tbody> <tr> <td>Year 1 : 2.63 + 1.62%</td> <td>4.25%</td> </tr> <tr> <td>Year 2-3 : 2.63 + 1.62%</td> <td>4.25%</td> </tr> <tr> <td>Thereafter : 2.63 + 1.62%</td> <td>4.25%</td> </tr> </tbody> </table>	Profit Rate	Effective Profit Rate	Year 1 : 2.63 + 1.62%	4.25%	Year 2-3 : 2.63 + 1.62%	4.25%	Thereafter : 2.63 + 1.62%	4.25%
Profit Rate	Effective Profit Rate								
Year 1 : 2.63 + 1.62%	4.25%								
Year 2-3 : 2.63 + 1.62%	4.25%								
Thereafter : 2.63 + 1.62%	4.25%								
Contracted Profit Rate	9.63 % p.a.								
Selling Price	RM 234,240.00								

Note: Current IBR is 2.63%

## 7. What are my obligations?

**Important:** Your monthly instalment amount and total payment amount will vary if the IBR changes but will not be charged more than the CPR and the agreed Selling Price.

### Illustration

Rate	Today (IBR=2.63%)	If IBR goes up 1%	If IBR goes up 2%
Monthly instalment	RM 1,537.00	RM 1,610.00	RM 1,685.00
Total profit at the end of 120 months	RM 34,440.00	RM 43,200.00	RM 52,200.00
Total payment amount at the end of 120 months	RM 184,440.00	RM 193,200.00	RM 202,200.00

### Important:

- Rebate shall be provided to you if there is a difference between the contracted profit rate and the effective profit rate.
- The Bank shall be entitled, from time to time, to vary the IBR at its discretion. If and whenever the Effective Profit Rate (EPR) is varied as a consequence of variations to the IBR, the Bank may at its absolute discretion make the following adjustment consequent upon such variation, namely, either:-
  - by varying the amount of any Monthly Instalments; or
  - by varying the number of the Monthly Instalments.

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

- **Stamp Duties**  
As per Stamp Duty Act 1949 (revised 1989).
- **Endorsement Fee**  
RM50 per transaction shall be charged upon disbursement of the financing (payable to ASNB).

## 9. What if I fail to fulfil my obligations?

Should you fail to service your payment obligation in a timely manner, the following shall apply:

- **Compensation Charges**
  - For default payment during facility tenure = 1% p.a. on the overdue instalment amount;
  - For default causing the facility to be terminated or brought to court = 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);
  - For default payment after expiry of facility tenure = BNM Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);
  - For default payment post judgment = IIMM rate on the basic judgment sum.

### Note:

- Compensation charges shall not be compounded and more than the outstanding principal
- Compensation charges method and rate are subject to changes as may be prescribed by BNM
- Compensation charges is computed on a daily basis from the payment due date/maturity date/judgement date

- **Right to set-off**  
The Bank is entitled to sell off your ASB/ASB 2 units in the event of default (2 months in arrears or more).
- **Legal Action**  
Legal action may be taken against you to settle the outstanding balance in this financing account after your ASB/ASB 2 units have been liquidated.
- **Credit Rating Deterioration**  
Legal action against you may affect your credit rating leading to credit being more difficult or expensive to you.

<b>10. What if I fully settle the financing before its maturity?</b>
<ul style="list-style-type: none"> <li>The Bank undertakes to grant you rebate at the point of early settlement. The rebate shall be calculated in the following formula:  Rebate formula: Rebate on early settlement = Remaining Unearned  Note: (a) <i>Remaining Unearned = Total Profit – Accrued Profit</i> (b) <i>Total Profit = Selling Price – Financing Amount</i> (c) <i>Accrued Profit is calculated based on Effective Profit Rate on the outstanding Financing Amount being disbursed</i></li> </ul>
<b>11. Do I need a guarantor / collateral?</b>
No guarantor is required. Your ASB/ASB 2 Units will be used as collateral.
<b>12. Do I need any Takaful coverage?</b>
ASB Reducing Term Takaful (“ARTT”) is optional and can be financed as part of this financing facility to help settle your outstanding Financing Amount in the event of Death or Total Permanent Disability (“TPD”).
<b>13. What are the major risks?</b>
The EPR is a variable rate and may change according to change(s) in the IBR. An increase in EPR may result in higher monthly payment. However, the EPR increase is capped at the CPR stated above.
<b>14. What do I need to do if there are changes to my contact details?</b>
It is important that you inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner. To update your correspondence details, please contact us at +603-7626 8899 or visit any of our branches nationwide.  Note: If you are a Hong Leong Connect (Online Banking) user, your statements are available for viewing and download in Hong Leong Connect (Online Banking). If you are not a Hong Leong Connect (Online Banking) user, your statements will be sent to the email address provided by you. No printed/hardcopy statement will be sent to you.
<b>15. Where can I get assistance and redress?</b>
<ul style="list-style-type: none"> <li>If you have any difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact our Collection Centre at: Level 2, PJ City Development, No. 15A, Jalan 219, Section 51A, 46100 Petaling Jaya, Selangor Tel: +603-7959 1888 Fax:+603-7873 8228 Email: <a href="mailto:MCC2@hbb.hongleong.com.my">MCC2@hbb.hongleong.com.my</a></li> <li>Alternatively, you may seek the services of Credit Counselling and Debt Management Agency [Agensi Kaunseling dan Pengurusan Kredit] (AKPK), an agency established by Bank Negara to provide free services on money management, credit counselling and debt restructuring for individuals. You can contact AKPK at: Tingkat 8, Maju Junction Mall, 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur. Tel: +603-2616 7766 E-mail: <a href="mailto:enquiry@akpk.org.my">enquiry@akpk.org.my</a></li> <li>If you wish to complain on the products or services provided by us may contact us at: Customer Advocacy Hong Leong Bank Berhad, 13A Floor, Menara Hong Leong, No 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur. Tel : +603-7626 8801 / 7626 8802 / 7626 8812 E-mail : <a href="mailto:customerservice@hbb.hongleong.com.my">customerservice@hbb.hongleong.com.my</a></li> <li>If your query or complaint is not satisfactorily resolved by us, you may contact: Bank Negara Malaysia LINK or TELELINK at: Block D, Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur. Tel: 1-300-88-5465 Fax: +603-2174 1515 E-mail: <a href="mailto:bnmtelelink@bnm.gov.my">bnmtelelink@bnm.gov.my</a></li> </ul>
<b>16. Other similar financing packages available</b>
<ul style="list-style-type: none"> <li>Nil</li> </ul>
<b>IMPORTANT NOTE: YOUR ASB/ASB2 UNITS MAY BE LIQUIDATED IF YOU DO NOT KEEP UP WITH YOUR FINANCING PAYMENTS</b>

The information provided in this disclosure sheet is valid until \_\_\_ / \_\_\_ / \_\_\_

Customer	Customer 1
CPR (%)	10.60
EPR (%)	4.80
Financing Terms	120 months
Installment (EPR)	1,577.00

Selling Price	243,891.60
Financing Amount	150,000.00
Total Profit	93,891.60
Disb. Date	7 Dec 17

$$\text{EPR} = \text{IBR} + 1.60\%$$

$$\text{IBR is } 3.20\%$$

No	Date	At Effective Profit Rate				OS Financing Amount	OS Selling Price	Remaining Unearned
		Installment	Principal Paid	Billed Profit	Profit Rate			
0	7-Dec-17					150,000.00	243,891.60	93,891.60
1	1-Jan-18	1,577.00	1,083.75	493.25	4.80%	148,916.25	242,314.60	93,398.35
2	1-Feb-18	1,577.00	970.02	606.98	4.80%	147,946.23	240,737.60	92,791.37
3	1-Mar-18	1,577.00	1,032.12	544.88	4.80%	146,914.11	239,160.60	92,246.49
4	1-Apr-18	1,577.00	978.08	598.92	4.80%	145,936.03	237,583.60	91,647.57
5	1-May-18	1,577.00	1,001.30	575.7	4.80%	144,934.73	236,006.60	91,071.87
6	1-Jun-18	1,577.00	986.14	590.86	4.80%	143,948.59	234,429.60	90,481.01
7	1-Jul-18	1,577.00	1,009.10	567.9	4.80%	142,939.49	232,852.60	89,913.11
8	1-Aug-18	1,577.00	994.2	582.8	4.80%	141,945.29	231,275.60	89,330.31
9	1-Sep-18	1,577.00	998.23	578.77	4.80%	140,947.06	229,698.60	88,751.54
10	1-Oct-18	1,577.00	1,020.80	556.2	4.80%	139,926.26	228,121.60	88,195.34
11	1-Nov-18	1,577.00	1,006.60	570.4	4.80%	138,919.66	226,544.60	87,624.94
12	1-Dec-18	1,577.00	1,028.90	548.1	4.80%	137,890.76	224,967.60	87,076.84

**Disclaimer: This Schedule indicates the payment of installments by customer. The value illustrated above may change according to a number of variables such as promptness of payment by customers, prepayments, movement of Islamic Base Rate, differing disbursement amount and number of days in the month.**

Profit is calculated on daily based on daily outstanding principal balance, as follows:-

$$\begin{aligned} \text{Daily Profit (1st month)} &= 150,000.00 \times 4.80\% \times 1/365 \\ &= 19.7260 \\ &= 19.73 \text{ (round to two decimals)} \end{aligned}$$

$$\begin{aligned} \text{01/01/2018 Billed Profit} &= \text{Daily Profit} \times \text{No of days (from 7th Dec 12 to 31st Dec 17)} \\ &= 19.73 \times 25 \text{ days} = \text{RM } 493.25 \end{aligned}$$

#### **Early Settlement of Financing**

Customer requested for early settlement as at **17/10/2022** (58<sup>th</sup> instalment not paid). Extract of the payment schedule:

No	Date	At Effective Profit Rate				OS Financing Amount	OS Selling Price	Remaining Unearned
		Installment	Principal Paid	Billed Profit	Profit Rate			
0	7-Dec-17					150,000.00	243,891.60	93,891.60
1	1-Jan-18	1,577.00	1,083.75	493.25	4.80%	148,916.25	242,314.60	93,389.35
2	1-Feb-18	1,577.00	970.02	606.98	4.80%	147,946.23	240,737.60	92,791.37
57	1-Sep-22	1,577.00	1,215.54	361.46	4.80%	87,458.77	154,002.60	66,543.83
58	1-Okt-22	1,577.00	1,232.00	345.00	4.80%	86,226.77	152,425.60	66,198.83
59	1-Nov-22	1,577.00	1,225.46	351.54	4.80%	85,001.31	150,848.60	65,847.29

$$\begin{aligned} \text{Current month profit} &= \text{Daily profit} \times \text{No of days} \\ &= (\text{Outstanding Financing Amount} \times \text{Profit Rate} \times 1/365) \times 16 \text{ days} \\ &= (87,458.77 \times 4.8\% \times 1/365) \text{(round to 2 decimals)} \times 16 \text{ days (1/10/22 to 17/10/22)/365} \\ &= 11.5014 \approx 11.50 \times 16 = 184.00 \end{aligned}$$

$$\begin{aligned} \text{Remaining Unearned at 17/10/22} &= \text{Remaining Unearned (at 1/10/22)} - \text{Current Month Profit (from 1/10/22 to 17/10/22)} \\ &= 66,198.83 - 184.00 \\ &= 66,014.83 \end{aligned}$$

$$\begin{aligned} \text{Rebate at Settlement} &= \text{Remaining Unearned (at 17/10/22)} \\ &= 66,014.83 \end{aligned}$$

$$\begin{aligned} \text{Outstanding Selling Price at Settlement} &= \text{Scheduled Outstanding Selling Price at 01/10/22} + \text{Instalment Due Not Paid, if any (for 01/10/22 Due Date)} \\ &= 152,425.60 + 1,577.00 \\ &= 154,002.60 \end{aligned}$$

$$\begin{aligned} \text{Settlement Amount as at 17/10/22} &= \text{Outstanding Selling Price (at Settlement)} - \text{Undisbursed Financing Amount (if any)} \\ &\quad + \text{Compensation Charges (if any)} + \text{Misc Cost (if any)} + \text{Other Charges (if any)} \\ &\quad - \text{Rebate at settlement} \\ &= 154,002.60 - 0.00 + 0.00 + 0.00 + 0.00 - 66,014.83 \\ &= \text{RM } 87,987.77 \end{aligned}$$