

PRODUCT DISCLOSURE SHEET

(Read this Product Disclosure Sheet before you decide to take up the <Hong Leong CM Flexi Property Financing-i>. Be sure to also read the terms in the letter of offer. Seek clarification from Hong Leong Islamic Bank if you do not understand any part of this document or general terms)

Please tick whichever is applicable in this document.

Please do not hesitate to contact us for clarification, if required.



<Hong Leong CM Flexi Property Financing-i >

Date: ____ / ____ / ____

1. What is this product about?

This <<branch business house / branch business shop >> financing is an Islamic financing facility which complies with Shariah principles to assist you in owning a property. It comes with a combination of fixed and variable rate.

The profit rate is pegged or attached against the Islamic Financing Rate ("IFR"). Under this product, any increase in rate is subject to ceiling rate or the maximum profit rate chargeable 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.

The facility is calculated on a variable rate basis and you are offering your property as a security to the Bank.

It offers flexibility in payment and profit savings.

Any excess payment received after deducting your instalment and any charges payable, is deemed as an "Advance Payment".

Advance Payment will not be considered as prepayment of the principal balance. However, subject to the terms in the Letter of Offer it shall be taken into consideration for profit calculation purposes. Profit is calculated on the Eligible Principal Outstanding Balance, which is the difference between the financing outstanding balance (exclusive of charges) ("Principal Outstanding Balance") and the Advance Payment or up to 30% of the Principal Outstanding Balance, whichever is lower.

Withdrawals are allowed from excess payment under Advance Payment with written notice.

2. What is the Shariah concept applicable?

The Shariah principle used is Murabahah via Tawarruq arrangement. Murabahah is a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the Customer. Tawarruq refers to two sale and purchase contracts. The first involves the sale of an asset by the Bank to the Customer on a deferred basis. Subsequently the customer will sell the same asset to a third party to obtain cash.

The mechanics involved:

1. The Bank buys the commodity* at Facility Amount on spot basis;
2. Bank now owns the commodity;
3. Bank sells the commodity to customer at a Selling Price (cost plus mark-up [Murabahah]) on deferred payment (instalments). As owner of the commodity, customer may opt to take physical delivery/possession at his own expense;
4. Next, as the owner of the commodity, customer appoints Bank as agent (wakil) to sell the commodity;
5. Bank (as agent of the customer) sells commodity at Facility Amount on spot to a third party for cash;
6. Bank disburses the proceeds of the customer's sale of the commodity (Facility Amount)

*Commodity: -

- (a) The commodity is in the form of Crude Palm Oil or any other Shariah compliant commodities to be traded under the Facility which must be acceptable to the parties and as approved by the Shariah Committee of the Bank;
- (b) The trading is carried out on a multi-commodity trading platform such as Bursa Suq Al Sila' or any other commodity trading platform, which, facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.

3. What do I get from this product?**Facility 1 < Product Name>:**

Item	Description								
Total amount financed	RM								
Margin of financing *	< > %								
Tenure	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 : IFR <+/-> <__>%</td> <td><__>%</td> </tr> <tr> <td>Year 2-3 : IFR <+/-> <__>%</td> <td><__>%</td> </tr> <tr> <td>Thereafter : IFR <+/-> <__>%</td> <td><__>%</td> </tr> </tbody> </table>	Profit rate	Effective profit rate	Year 1 : IFR <+/-> <__>%	<__>%	Year 2-3 : IFR <+/-> <__>%	<__>%	Thereafter : IFR <+/-> <__>%	<__>%
Profit rate	Effective profit rate								
Year 1 : IFR <+/-> <__>%	<__>%								
Year 2-3 : IFR <+/-> <__>%	<__>%								
Thereafter : IFR <+/-> <__>%	<__>%								
Contracted profit rate	< > % p.a.								
Selling price	RM								

Facility 2 < Product Name:

Item	Description	
Total amount financed	RM	
Margin of financing *	< > %	
Tenure	months	
Profit rate / Effective profit rate	Profit rate	Effective profit rate
	Year 1 : IFR <+/-> < > %	< > %
	Year 2-3 : IFR <+/-> < > %	< > %
	Thereafter : IFR <+/-> < > %	< > %
Contracted profit rate	< > % p.a.	
Selling price	RM	

Note: Current Islamic Financing Rate (IFR) is <5.64>%

*The Margin of Financing is calculated based on the net selling price/current market value of the property and not based on the SPA price.

4. What are my obligations?

Important: Your monthly instalment amount and total payment amount will vary if the IFR changes.

Rate	Today (IFR=<5.64>%)	If IFR goes up 1%	If IFR goes up 2%
Facility 1 < Product Name>			
Monthly instalment	RM	RM	RM
Total profit at the end of <[Approved Tenure]> months (exclude GPP)	RM	RM	RM
Total payment amount at the end of <[Approved Tenure]> months (exclude GPP)	RM	RM	RM
Facility 2 < Product Name>			
Monthly Profit Payment	Based on utilization	Based on utilization	Based on utilization

Note:

- Pending commencement of the monthly instalment as provided in the table above, you are required to pay the Bank monthly Grace Period Profit (GPP) (if any), and calculated at the Effective Profit Rate on the daily outstanding amount (or based on monthly rest where specified and applicable) from the first disbursement of the Facility or commencing from such date as advised by the Bank in writing.
- Rebate shall be provided to you if there is a difference between the contracted profit rate and the effective profit rate.
- The Bank may from time to time, subject to the CPR, vary the IFR. If and whenever the Effective Profit Rate (EPR) is varied as a consequence of variations to the IFR, the Bank may 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.

Any variation will be subject to the Bank furnishing to you at least twenty one (21) days prior written notice.

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

For full list of fees and charges, please visit our website www.hlisb.com.my/financing1 or scan here

**6. 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**

- a) For default payment during facility tenure = 1% p.a. on the overdue instalment amount;
- b) For default causing the facility to be terminated or brought to court = 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);
- c) For default payment after expiry of facility tenure = BNM Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);
- d) For default payment after court judgement has been obtained against you = IIMM rate on the basic judgment sum.
- e) If you default on any payment of monies due under the Facility(ies) during the duration of the Facility(ies) for a period of hundred (100) days from the date such monies become due and payable or such other period as the Bank may notify you from time to time, the Bank shall be entitled to vary the Effective Profit Rate, which shall thereafter comprise of Additional Profit above the Effective Profit Rate ("Amended Effective Profit Rate") on daily rests or such other rate as the Bank may effective on the balance outstanding. The Amended Effective Profit Rate will continue to apply until such time when you have paid all amounts outstanding under the Facilities, regularised your account and/or the monies due and payable by you have been outstanding for less than a period of 90 days (or such other period as the Bank may notify you from time to time) from the date when such monies were due for payment. For the purpose of this Clause 3 (f), the "Additional Profit" shall be chargeable at 2.0% per annum which shall not be compounded and the Amended Effective Profit Rate shall not be more than the disclosed Ceiling/Contracted Profit Rate (CPR).

Note:

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

- **Right to set-off**

The Bank may set-off/deduct any credit balance in your deposit account maintained with the Bank against any outstanding balance in this financing account the issuance of a seven (7) days prior written notice to you.

- **Legal Action**

- Legal action will be taken if you fail to respond to reminder notices given by the Bank.
- Your property may be foreclosed and you will have to bear all costs.
- You are also responsible to settle any shortfall after your property is has been sold.

- **Credit Rating Deterioration**

Legal action against you may affect your credit rating leading to credit being more difficult or expensive to you.

Important :

For more information, please refer to the attached Main Terms and Conditions

7. What if I fully settle the financing before its maturity?

- Holding period: <holding period> months from 1st release
- The Bank undertakes to grant you rebate at the point of early settlement.
- The early redemption / settlement fees reflects the costs incurred or to be incurred by the Bank as a result of the early settlement which may include the costs of fund, costs of capital, liquidity costs, statutory reserve costs, discounted profit rates, and other costs, as well as any legal fees, stamp duties and/or valuation fees which have been incurred under the terms of the Facilities.

The early redemption / settlement fees are payable at the point of redemption.

Rebate formula:

Rebate on early settlement = Remaining Unearned – *Early Settlement Charges (if any)

Note:

- *Remaining Unearned = Total Profit – Accrued Profit*
- *Total Profit = Selling Price – Financing Amount*
- *Accrued Profit is calculated based on Effective Profit Rate on the outstanding Financing Amount being disbursed*

**If within lock-in period*

8. Do I need any Takaful/Insurance coverage?

- All residential property(ies) are required to be covered under takaful coverage obtained under houseowner certificate(s), whilst commercial and vacant property(ies) to be covered under fire certificate(s).
 - a) You are to ensure that the property (ies) are adequately covered up to their full permissible takaful value, against loss or damage by fire, lightning, tempest, flood, riot, civil commotion, malicious acts and strike and such other risk as the Bank may require;
 - b) You are required to furnish a certified true copy of the certificate or certificates so bought/taken up together with evidence of takaful payment/contribution payable under such certificate or certificates to the Bank with the Bank is endorsed as loss payee/mortgagee. In the event that the Bank takes up the takaful coverage on your behalf, the Bank will debit the fire takaful contribution into your financing account with prior written notice to you.
- Mortgage Reducing Term Takaful (MRTT)/ Mortgage Level Term Takaful (MLTT) is optional unless is compulsory due to promotional criteria as stated in Letter of Offer.
- However, you are encouraged to take up the MRTT/MLTT to protect your family from losing the property due to unforeseen circumstances.

- Where the MRTT/MLTT is financed by the Bank, the Bank shall only release the takaful contribution either with the first financing release towards financing of the Property(ies) or at any time thereafter subject to the following:
 - (a) the Bank has received the letter of acceptance/letter of offer issued by a takaful operator which is acceptable to the Bank;
 - (b) the Bank has not received any notification from the takaful operator of your rejection and/or appeal of the letter of offer;
 - (c) you/takaful are/is not deceased prior to the first release of the financing. If no information or documents have been given to or been received by the Bank from any party indicating the person(s) to be covered under the takaful coverage is deceased prior to the first disbursement, then the Bank shall proceed to disburse the contribution financing under the Single Contribution Takaful Financing or the first payment of the 2-Pay Regular Contribution Takaful Financing;
 - (d) in the event the letter of acceptance/letter of offer issued by the takaful operator expires on or before the first financing release, you will submit a fresh proposal form for evaluation and a fresh letter of acceptance/letter of offer shall be procured by you.
 - (e) For MRTT/MLTT, the Bank shall have received a copy of the Absolute Assignment duly executed by the person(s) to be covered in favour of the Bank as absolute assignee in respect of benefit of the life insurance/takaful coverage of the person(s).
- The coverage of the MRTT/MLTT shall be effective upon receipt of the full takaful contribution (including any loading or excess to the original takaful contribution quoted) by the takaful operator.
- Fire Takaful / Houseowner Takaful on the property pledged to Bank as collateral is compulsory, which you may opt from any other takaful operators.

9. What are the major risks?

The Effective Profit Rate (EPR) is a variable or adjustable 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.

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

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 visit any of our branches nationwide.

11. Where can I get assistance and redress?

- If you have any difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact our Consumer 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: MCC2@hbb.hongleong.com.my
- 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 and small and medium scale enterprises (SMEs). 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
- If you wish to complain on the products or services provided by us, you 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 : customerservice@hbb.hongleong.com.my
- 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: bnmtelelink@bnm.gov.my

12. Other house financing packages available

- Nil

IMPORTANT NOTE: YOUR PROPERTY MAY BE FORECLOSED IF YOU DO NOT KEEP PAYMENTS ON YOUR PROPERTY FINANCING.

READING THROUGH CAREFULLY THE DETAILS IN THE PDS IS VERY IMPORTANT SO AS TO ENSURE THAT YOU GET TO KNOW AND UNDERSTAND THE PRODUCT TERMS AND YOU HAVE AGREED TO BE BOUND BY IT.

The information provided in this disclosure sheet is valid as at _____ / _____ / _____

Appendix 1- Illustrative Payment Schedule without GPP

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

EPR = IBR + 1.60%
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:-

Daily Profit (1st month) = 150,000.00 X 4.80% X 1/365
= 19.7260
= 19.73 (round to two decimals)

01/01/2018 Billed Profit = Daily Profit X No of days (from 7 Dec 17 to 31 Dec 17)
= 19.73 X 25 days
= RM 493.25

Early Settlement of Financing

Customer requested for early settlement as at 17/10/2022 (58th instalment not paid), where early settlement charge is imposed on the customer is RM500.00 (amount is only for illustrative purposes). 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-Oct-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

Current month profit = Daily profit X No of days
= (Outstanding Financing Amount X Profit Rate X 1/365) X 16 days
= 87,458.77 X 4.8% X 1/365 (bundarkan pada 2 titik perpuluhan) X 16 days (1/10/22 ke 17/10/22)/365
= 11.5014 ≈ 11.50 X 16 = 184.00

Remaining Unearned at 17/10/22 = Remaining Unearned (at 1/10/22) – Current Month Profit (from 1/10/17 to 17/10/17)
= 66,198.83 – 184.00
= 66,014.83

Rebate at Settlement = Remaining Unearned (at 17/10/22)- Early Settlement Charges
= 66,014.83 - 500.00
= 65,514.83

Outstanding Selling Price at Settlement = Schedule Outstanding Selling Price at 01/10/22 + Instalment Due Not paid, if any (for 01/10/22 Due Date)
= 152,425.60 + 1,577.00
= 154,002.60

Settlement Amount as at 17/10/22 = Outstanding Selling Price (at Settlement) – Undisbursed Financing Amount (if any) + Compensation Charges (if any) + Misc cost (if any)+ Other Charges (if any) – Rebate at settlement
= 154,002.60– 0.00 + 0.00 + 0.00 + 0.00 – 65,514.83
= **RM88,487.77**

Appendix 2 - Illustrative Payment Schedule with GPP

Customer	Customer 1
CPR (%)	10.60
EPR (%)	4.80
GPP Period (mths)	12
Fin Tenure (inc GPP)	132

Financing Amount	150,000.00
Selling Price	259,791.60
Total Profit	109,791.60
Instalment (EPR)	1,577.00
Disb. Date	14-Dec-17

EPR = IBR + 1.60%
IBR = 3.20%

No	Date	At Effective Profit Rate				OS Financing Amount	OS Selling Price	Remaining Unearned	Note
		Instalment	Principal Paid	Billed Profit	Profit Rate				
0	14-Dec-17					60,000.00	259,791.60	109,791.60	40% Withdrawals
1	1-Jan-18	142.02	-	142.02	4.80%	60,000.00	259,649.58	109,649.58	
2	1-Feb-18	244.59	-	244.59	4.80%	60,000.00	259,404.99	109,404.99	
3	1-Mar-18	220.92	-	220.92	4.80%	60,000.00	259,184.07	109,184.07	
4	1-Apr-18	244.59	-	244.59	4.80%	105,000.00	258,525.18	108,939.48	30% Withdrawals
5	1-May-18	414.3	-	414.3	4.80%	105,000.00	258,097.07	108,525.18	
6	1-Jun-18	428.11	-	428.11	4.80%	105,000.00	259,097.07	108,097.07	
7	1-Jul-18	414.3	-	414.3	4.80%	135,000.00	257,682.77	107,682.77	20% Withdrawals
8	1-Aug-18	550.25	-	550.25	4.80%	135,000.00	256,582.27	107,132.52	
9	1-Sep-18	550.25	-	550.25	4.80%	135,000.00	256,049.77	106,582.27	
10	1-Oct-18	532.5	-	532.5	4.80%	135,000.00	255,499.52	106,049.77	
11	1-Nov-18	550.25	-	550.25	4.80%	135,000.00	254,967.02	105,499.52	
12	1-Dec-18	532.5	-	532.5	4.80%	150,000.00	254,967.02	104,967.02	10% Withdrawals
13	1-Jan-19	1,577.00	965.37	611.63	4.80%	149,034.63	253,390.02	104,355.39	
14	1-Feb-19	1,577.00	969.4	607.6	4.80%	148,065.23	251,813.02	103,747.79	
15	1-Mar-19	1,577.00	1,031.84	545.16	4.80%	147,033.39	250,236.02	103,202.63	

Disclaimer: This Schedule indicates the payment of instalments 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:-
Daily Profit (1st month) = 60,000.00 X 4.80% X 1/365
= 7.8904
= 7.89 (round to two decimals)

01/01/2018 Billed Profit = Daily Profit (from 14th Dec 17 to 31 Dec 17)
= 7.89 X 18 days
= RM 142.02

Early Settlement of Financing

Customer requested for early settlement as at 17/10/2022 (58th instalments not paid), where early settlement charge is imposed on the customer is RM500.00 (amount is only for illustrative purposes). Extract of the payment schedule :

No	Date	At Effective Profit Rate				OS Financing Amount	OS Selling Price	Remaining Unearned
		Instalment	Principal Paid	Billed Paid	Profit Rate			
0	14-Dec-17					60,000.00	259,791.60	109,791.60
1	1-Jan-18	142.02	-	142.02	4.80%	60,000.00	259,649.58	109,649.58
2	1-Feb-18	244.59	-	244.59	4.80%	60,000.00	259,404.99	109,404.99
57	1-Sep-22	1,577.00	1,156.64	420.36	4.80%	101,954.09	184,002.02	82,047.93
58	1-Oct-22	1,577.00	1,174.70	402.3	4.80%	100,779.39	182,425.02	81,645.63
59	1-Nov-22	1,577.00	1,166.25	410.75	4.80%	99,613.14	180,848.02	81,234.88

Current month profit = Daily profit X No of days
= (Outstanding Financing Amount X Profit Rate X 1/365) X 16 days
= 101,954.09 X 4.8% X 16 days (1/10/22 to 17/10/22)/365
= 13.4076 ≈ 13.41 (round to 2 decimals) X 16 = 214.56

Remaining Unearned at 17/10/22 = Remaining Unearned (at 1/10/22) – Current Month Profit (from 1/10/22 to 17/10/22)
= 81,645.63 – 214.56
= 81,431.07

Rebate at Settlement = Remaining Unearned (at 17/10/22) – Early Settlement Charges
= 81,431.07 - 500.00

	=	80,931.07
Outstanding Selling Price at Settlement	=	Schedule Outstanding Selling Price at 01/10/22 + Instalment Due Not Paid, if any (for 01/10/22 Due Date)
	=	182,425.02 + 1,577.00
	=	184,002.02
Settlement Amount as at 17/10/22	=	Outstanding Selling Price (at Settlement) – Undisbursed Financing Amount (if any) + Comensation Charges (if any) + Misc Cost (if any) + Other Charges (if any) – Rebate at settlement
	=	184,002.02– 0.00 + 0.00 + 0.00 + 0.00 – 80,931.07
	=	RM103,070.95