

## PRODUCT DISCLOSURE SHEET



Kindly read this Product Disclosure Sheet together with the terms in the letter of offer before you decide to take up the Hong Leong Commodity Murabahah Term Financing-i (CMTF-i) with Hong Leong Islamic Bank ("Bank"). Be sure to also read the general terms and conditions.

The information provided is merely general information of the product. The terms and conditions indicated in this Product Disclosure Sheet are tentative/ indicative and may change at the discretion of the Bank. Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

Seek clarification from your institution if you do not understand any part of this document or the general terms.

## Hong Leong Commodity Murabahah Term Financing-i (CMTF-i)

June 2018

### 1. What is this product about?

- CMTF-i is a non-revolving Shariah compliant financing facility that has a predetermined maturity date and payment schedule.
- The Facility is generally used for financing the purchase of fixed assets such as properties or machineries and sometimes for working capital.
- CMTF-i is a fixed rate financing and can also be offered on a multiple tier profit rate. Under this product, the profit rate offered to the Customer at the point of approval remains the same throughout the financing tenure.

### 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 in CMTF-i:

1. Bank buys the commodity\* (same value as financing amount) from a commodity supplier on spot as principal (Bank now owns commodity);
2. Customer appoints the Bank as an agent to purchase the commodity and also appoints the Bank as an agent to sell the commodity.
3. Bank sells the commodity to Customer at cost plus mark-up (same value as selling price) on deferred payment (instalments). Upon the purchase, the Customer now owns the commodity.
4. As the owner of the commodity, Customer may opt to:
  - (a) to take physical delivery/possession at his own expense; or
  - (b) sell the commodity to a third party for cash;
5. If the customer chooses (b), Bank (as agent of the Customer) sells Customer's commodity (same value as financing amount) to third party on spot for cash;
6. Bank disburses the sale proceeds (financing amount) to Customer.

\* *Commodity:*

- (a) *The commodity is in the form of Crude Palm Oil or any other 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 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?

- Margin of Financing (MOF) offered will depend on the purpose of financing. Typically, for property financing the MOF is up to 80%
- Profit Rate (PR) charges will depend on the purpose of financing and is fixed at the point of issuance of Letter of Offer.
- Financing tenure differs with the purpose of financing. Generally ranges from 5 years to 15 years

#### Example:

Facility Amount/Limit/ Commodity Purchase Price	:	RM 1,000,000.00
Financing Term	:	180 months
Effective Profit Rate	:	4.70% p.a.
Payment Amount (on EPR)	:	RM 7,753.00
Total Profit	:	RM 395,540.00
Commodity Selling Price	:	RM 1,395,540.00

No.	Payment Commence 1st of the following month	Billed Profit	Principal Paid	Remaining Unearned	Principal Balance O/S	Current Outstanding Balance	Next Payment Due Date	Profit Rate
0				<b>395,540.00</b>	<b>1,000,000.00</b>	<b>1,395,540.00</b>	<b>1-Mar-18</b>	
1	7,753.00	3,991.87	3,761.13	391,548.13	996,238.87	1,387,787.00	01-Apr-18	4.70%
2	7,753.00	3,848.40	3,904.60	387,699.73	992,334.27	1,380,034.00	<b>01-May-18</b>	4.70%
3	7,753.00	3,961.18	3,791.82	383,738.55	988,542.45	1,372,281.00	01-Jun-18	4.70%
:	:	:	:	:	:	:	:	
174	7,753.00	215.45	7,537.55	<b>60.17</b>	46,457.83	46,518.00	01-Sep-32	4.70%
175	7,753.00	<b>60.17</b>	7,692.83	0.00	38,765.00	38,765.00	01-Oct-32	4.70%
176	7,753.00	0.00	7,753.00	0.00	31,012.00	31,012.00	01-Nov-32	4.70%
177	7,753.00	0.00	7,753.00	0.00	23,259.00	23,259.00	01-Dec-32	4.70%
178	7,753.00	0.00	7,753.00	0.00	15,506.00	15,506.00	01-Jan-33	4.70%
179	7,753.00	0.00	7,753.00	0.00	7,753.00	7,753.00	01-Feb-33	4.70%
180	7,753.00	0.00	7,753.00	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	01-Mar-33	4.70%

**Note:** Please note the above rates and tenure are indicative only. The final approved amount of your financing, tenure and effective profit rate is subject to the Bank's approving criteria and may differ from the above. For actual details of Facility offered, please refer to letter of offer/ facility agreement.

Your final payment amount may be varied to settle principal balance outstanding & billed profit to full settle the financing.

#### 4. What are my obligations?

- To pay the scheduled payments comprising of principal and profits (calculated based on outstanding principal).
- Payments are generally scheduled on monthly/quarterly/semi-annually/annually basis (calculated based on PR and daily balance amortisation basis)
- To settle all amounts outstanding on or before the expiry of the facility tenure i.e. maturity date.

**IMPORTANT: Your payment amount will be FIXED throughout the financing tenure. If payment falls on non-working days or public holiday, payment shall be made on the immediate preceding working day**

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

<b>Stamp Duties</b>	As per Stamp Duty Act 1949 (revised 1989).
<b>Legal and Disbursement Fees</b>	Solicitor fee as per the Solicitor's Remuneration Order 2005 including fees for registration of charge, land search, bankruptcy search, relevant government tax and other tax or levy as per the scale fees charged by the respective authorities.
<b>Trading Fee</b>	RM15 for every transaction of RM1 Million or part thereof in the currency of transaction (for e.g. SGD15 for every SGD1 million or USD15 for every USD1 million, etc). For SME Customers, the fee is equally shared between Customer and the Bank.

**Note:** All fees, commissions, charges and other monies payable shall be exclusive of and subject to any Government Tax, where applicable.

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

<b>Compensation Charges for Late Payment (Ta'widh)</b>	<p>a) For default instalment payment(s) during facility tenure = 1% p.a. on the overdue amount;</p> <p>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);</p> <p>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);</p> <p>d) For default payment post judgment = IIMM rate on the basic judgment sum.</p> <p><b>Note:</b> (i) Compensation charges shall not be compounded and 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/judgment date</p>
--	---

<b>Right to Set-off</b>	The Bank is entitled to set-off any credit balance in your deposit accounts maintained with the Bank against any outstanding balance.
<b>Right to Commence Recovery or Legal Action</b>	<ul style="list-style-type: none"> <li>Legal action will be taken if you fail to respond to reminder notices. Your asset may be foreclosed and you will have to bear all costs. You are also responsible to settle any shortfall after your asset is sold.</li> <li>The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings.</li> </ul> <p><b>Note:</b> Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</p>

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

- Three (3) months written notice is required.
- The Bank undertakes to grant you rebate (Ibra') at the point of early settlement. Rebate formula as below:

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

- Note:**
- (i) Remaining Unearned Profit = Total Profit (-) Accrued Profit
  - (ii) Total Profit = Sale Price (-) Financing Amount
  - (iii) Accrued Profit is calculated based on Effective Profit Rate on the outstanding Financing Amount being disbursed

\* For any actual cost incurred by the Bank e.g. discounted rate, legal fees, disbursement fees, stamp duty and valuation fees.

#### 8. Do I need any takaful coverage?

The following takaful coverage are recommended/required to be taken:

- Mortgage Reducing Term Takaful (MRTT) or any equivalent takaful certificates policies to cover the company in the event of death or permanent disability of the customer or key men of the company (if applicable)
- Fire takaful if property is given as security for the financing (compulsory)

#### 9. What are the major risks?

Should there be a reduction in Bank's IFR; you may not be able to enjoy any reduction in the agreed profit/financing rate. If you have problems meeting your payment obligations, contact us early to discuss payment alternatives.

#### 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 contact us at +603-7626 8899 or visit any of our business centres nationwide.

#### 11. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact us at:

Hong Leong Islamic Bank, Wholesale Banking-i,  
Address : Level 23, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur  
Telephone No. : +603-2081 8888  
E-mail : [sme@hlbb.hongleong.com.my](mailto:sme@hlbb.hongleong.com.my)  
Website : [www.hlisb.com.my](http://www.hlisb.com.my)

- Small Debt Resolution Committee (SDRC), established by Bank Negara Malaysia that provides assistance to viable small and medium scale enterprises (SMEs). You may contact SDRC at:

SDRC Secretariat, Development Finance and Enterprise Department  
Address : Bank Negara Malaysia (BNM), Jalan Dato' Onn 50480 Kuala Lumpur  
Telephone No. : 1-300-88-5465  
E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.bnm.gov.my](http://www.bnm.gov.my)

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

Hong Leong Islamic Bank, Wholesale Banking-i,

Address : Level 23, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur

Telephone No. : +603-2081 8888

E-mail : [sme@hlbb.hongleong.com.my](mailto:sme@hlbb.hongleong.com.my)

Website : [www.hlisb.com.my](http://www.hlisb.com.my)

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

Bank Negara Malaysia LINK or BNMTELELINK

Address : Block D, Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur.

Telephone No. : 1-300-88-5465 Fax : 03-2174 1515

E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)

Website : [www.ofs.org.my](http://www.ofs.org.my)

## 12. Where can I get further information?

Should you require additional information on CMTF-i, please visit any of our business centres nationwide or you may visit our website at [www.hlisb.com.my](http://www.hlisb.com.my) or [www.bankinginfo.com.my](http://www.bankinginfo.com.my) website

## 13. Other Financing Packages Available

- Hong Leong CM Flexi Term Financing-i
- Hong Leong Commodity Murabahah Revolving Credit-i
- Hong Leong CM Cashline-i
- Islamic Trade Financing-i

### **IMPORTANT NOTICE**

**THE BANK HAS THE RIGHT TO PROCEED WITH LEGAL ACTION AND FORECLOSURE OF YOUR ASSET FINANCED BY OR CHARGED AS COLLATERAL TO THE BANK SHOULD YOU FAIL TO PAY YOUR PAYMENT PROMPTLY.**

The information provided in this disclosure sheet is valid as at June2018