

PRODUCT DISCLOSURE SHEET

Kindly read this Product Disclosure Sheet together with the terms and conditions before you decide to take up Bank Guarantee-i (BG-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 Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

Please seek clarification from Hong Leong Islamic Bank if you do not understand any part of this document or the general terms.



Hong Leong Bank Guarantee-i (BG-i)

June 2022

1. What is this product about?

- BG-i is an Islamic trade financing facility, which complies with Shariah principles. BG-i is a legal instrument executed by a bank on behalf of its customer favouring the beneficiary, normally government department, statutory authority or other such third parties in connection with a contract entered into by the customer with the beneficiary.
- BG-i issued in favour of a resident must be denominated in Ringgit Malaysia.
- There are 2 types of guarantee:
 1. **Financial Guarantees**
Defined as guarantees issued by the Bank for its customers, favouring a third party under which the Bank agrees to pay the third party if the customer is unable to pay the amount due to the third party when there is a claim made by the third party.
 2. **Non-Financial Guarantees:**
Broadly classified as performance bond guarantees. Such guarantees are those issued by the Bank for its customer favouring a third party, under which the Bank agrees to indemnify the third party should the customer fail to perform in accordance with the terms of the specific contract entered into.

2. What is the Shariah concept applicable?

- The Bank provides a guarantee facility to its customer under the principle of Kafalah bil Ujrah (guarantee with fee). Kafalah refers to a contract where the guarantor conjoins the guaranteed party in assuming the latter's specified liability. Kafalah bil Ujrah allows the guarantor to impose a fee or commission for providing the kafalah service.
- Under this principle, the Bank guarantees to pay an agreed sum to one party in case customer fails or default in fulfilling his obligation as per conditions set out in the guarantee.

3. What do I get from this product?

- The BG-i constitutes a formal and trustable source of undertaking that supports business needs.
- Commission charges ranging from 0.1%* per month or part thereof or rate specified in the Letter of Offer subject to a minimum amount specified in the Letter of Offer per BG-i issuance.
- BG-i should have an expiry date and claim period. All BG-i issued must be specific as to the amount and period of liability including claim period.

4. What are my obligations?

- To fulfil your obligation as per conditions set out in the guarantee.
- For every utilisation of BG-i facility, you will have to pay commission upfront.

5. Besides commission fee what are the other fees and charges I have to pay?

Stamp Duties	As per Stamp Duty Act 1949 (revised 1989).
Legal and Disbursement Fees	Solicitor fee as per the Solicitor's Remuneration Order 2005 including fees for registration of charge, land search, bankruptcy search, related government tax and other tax or levy as per the scale fees charged by the respective authorities.
Others	Please refer Trade Services Fees & Charges in our website at URL: https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/trade-service-i.html

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?

<p>Compensation Charges for Late Payment (for each transaction)</p>	<p>(a) 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>(b) 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>(c) For default payment after court judgement has been obtained against you = IIMM rate on the basic judgement sum.</p> <p>Note:</p> <p>(i) <i>Compensation charges shall not be added to the outstanding principal and shall not be more than the outstanding principal</i></p> <p>(ii) <i>Compensation charges method and rate are subject to changes as may be prescribed by BNM</i></p> <p>(iii) <i>Compensation charges is computed on a daily basis from the payment due date/maturity date/judgment date</i></p>
<p>Right to set-off</p>	<p>The Bank may set-off/deduct any credit balance in your deposit account maintained with the Bank against any outstanding balance subject to the issuance of a seven (7) days’ prior written notice to you.</p>
<p>Right to commence recovery or legal action</p>	<ul style="list-style-type: none"> • 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. • The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings. <p>Note: <i>Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</i></p>

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

Early settlement is not applicable.

8. Do I need any takaful coverage?

The following takaful coverage are recommended/required to be taken from the Bank’s panel:

- Mortgage Reducing Term Takaful (MRTT) or any equivalent takaful coverage 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 (where applicable)

9. What are the major risks?

- In case BG-i is claimed by the beneficiary, you are required to pay guarantee amount paid by the Bank immediately.
- Should you fail to service your payment obligation in a timely manner, you shall be levied with compensation charges or any other rate determined by Bank Negara Malaysia (BNM).

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 +603-76268899 or visit any of our branches/ business centres nationwide.

11. Where can I get assistance and redress?

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

Hong Leong Islamic Bank Berhad, Commercial and SME Banking

Address : Level 9, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur

Telephone : +603-7661 7777

E-mail : sme@hlbb.hongleong.com.my

Website : www.hlisb.com.my

- Alternatively, you may seek the services of:

- Khidmat Nasihat Pembiayaan (KNP)**, a service formalized by Bank Negara Malaysia (BNM) in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling & Pengurusan Kredit (AKPK) via MyKNP@CGC that provides financial advisory and recommendations to Small & Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks. You may contact KNP at:

MyKNP@CGC Advisory Unit under CGC

Address : CGC Advisory at any CGC branches nationwide.

Please refer to CGC website for the branch location at <https://www.cgc.com.my/cgc-branches>.

Telephone : 03- 7880 0088

E-Mail : myknp@cgc.com.my

Website : <http://imsme.com.my/portal/myknp-cgc-en>

- Agensi Kaunseling dan Pengurusan Kredit (AKPK)**, an agency established by Bank Negara as a one-stop platform for both individuals and SMEs seeking financing restructuring services as well as financial education and credit advisory. You may contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)

Address : Tingkat 5 & 6, Menara Bumiputra Commerce, Jalan Raja Laut 50350 Kuala Lumpur, Federal Territory

Telephone : 1-800-88-2575

E-mail : enquiry@akpk.org.my

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

Customer Advocacy

Address : Level 13A Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur

Telephone : 03-76268801/03-76268802/03-76268812

E-mail : customerservice@hlbb.hongleong.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 : 1-300-88-5465

Fax : 03-2174 1515

E-mail : bnmtelelink@bnm.gov.my

Website : www.ofs.com.my

12. Where can i get further information?

Should you require additional information on BG-i, please visit any of our business centres nationwide or you may visit our website at www.hlisb.com.my or www.bankinginfo.com.my website

13. Other Financing Packages Available

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

IMPORTANT NOTICE

THE BANK MAY 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.