

**PRODUCT DISCLOSURE SHEET**

Read this Product Disclosure Sheet before you decide to take out the Term Loan facility with Hong Leong Bank Bhd. 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 or 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Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and loan approval.

**Hong Leong Bank Bhd (97141-X)**  
**SME Banking**

**Term Loan**

**March 2017**

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

- Term loan is a non-revolving credit that has a predetermined maturity date and repayment schedule.
- The facility may be used for financing the purchase of fixed assets such as properties or machineries and sometimes for working capital. Additional security such as fixed deposits, guarantors etc may be requested depending on the credit assessment. For property financing, the said property is to be mortgaged to the Bank.

**2. 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%.
- Interest rates charges will depend on the purpose of financing and is pegged to the Base Lending Rate (BLR). Generally, for property financing rates ranges from BLR - 1.8% p.a. to BLR + 1.0% p.a. while for working capital rates are at BLR + 0.5% p.a. to BLR + 3.0% p.a.
- Financing tenure differs with the purpose of financing. Generally ranges from 5 years to 15 years.

**Example:**

|                                  |   |                       |   |
|----------------------------------|---|-----------------------|---|
| Total Amount Borrowed            | : | RM 1,000,000          |   |
| Tenure                           | : | 15 years / 180 months |   |
| Base Lending Rate (current rate) | : | 6.7% p.a.             |   |
| Interest Rate (Year 1-15)        | : | BLR – 2.0% p.a.       |   |
| Effective Lending Rate           | : | 4.7% p.a.             |   |
| Total Repayment Amount           | : | RM 1,395,457.78       | (Principal RM1,000,000 + Interest RM395,457.78) |

| Month | Principal | Interest | Monthly Instalment | Principal Balance | Total Interest Charge |
|-------|-----------|----------|--------------------|-------------------|-----------------------|
| 1     | 3,835.88  | 3,916.67 | 7,752.54           | 996,164.12        | 3,916.67              |
| 2     | 3,850.90  | 3,901.64 | 7,752.54           | 992,313.22        | 7,818.31              |
| 3     | 3,865.98  | 3,886.56 | 7,752.54           | 988,447.24        | 11,704.87             |
| :     | :         | :        | :                  | :                 | :                     |
| :     | :         | :        | :                  | :                 | :                     |
| 179   | 7,692.17  | 60.37    | 7,752.54           | 7,722.30          | 395,427.54            |
| 180   | 7,722.30  | 30.25    | 7,752.54           | 0.00              | 395,457.78            |

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

### 3. What are my obligations?

- Servicing the progressive interest pending full loan disbursement.
- Servicing the instalment amount due upon full loan disbursement.
- Loan repayment for the term loan facility is typically in the form of monthly or quarterly or semi-annually instalment with a fixed equal instalment amount comprising principal and interest (calculated based on prescribed rates and monthly balance amortization basis).

**IMPORTANT:** Your monthly instalment and total repayment amount will vary if the BLR changes.

**Example:**

Total Amount Borrowed : RM 1,000,000  
Tenure : 15 years / 180 months  
Interest Rate (Year 1-15) : BLR – 2.0% p.a.

Table below depicts the variation of monthly instalment and total repayment amount if the BLR changes:

| Rate  | Current BLR     | If BLR goes up  | If BLR goes down |
|---|-----------------|-----------------|------------------|
| BLR   | 6.7% p.a.       | 6.8% p.a.       | 6.6% p.a.        |
| Effective Lending Rate                        | 4.7% p.a.       | 4.8% p.a.       | 4.6% p.a.        |
| Monthly instalment                            | RM 7,752.54     | RM 7,804.14     | RM 7,701.14      |
| Total interest cost at the end of 15 years    | RM 395,457.78   | RM 404,745.98   | RM 386,205.07    |
| Total repayment amount at the end of 15 years | RM 1,395,457.78 | RM 1,404,745.98 | RM 1,386,205.07  |

**Note:** Calculation of total interest cost and total repayment amount in table above is based on scenario that the BLR change takes place before the disbursement of loan. In event, the BLR changes during the tenure of the loan, total interest cost and total repayment amount will differ.

### 4. What other fees and charges do I have to pay?

|                                     |   |
|-------------------------------------|---|
| ▪ Stamp Duties                      | As per the Stamp Duty Act 1949 (Revised 1989)   |
| ▪ Legal Fees and Disbursements Fees | Include solicitor's fee for loan documentation (if applicable), fees and charges for registration of charge, land search and bankruptcy search. |
| ▪ Facility Fees                     | Not applicable  |

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

**IMPORTANT:** Please read the final terms and conditions as stipulated in the letter of offer, facility agreement and general terms and conditions for further information.

|  |  |
|--|--|
| ▪ Late Payment Penalty                       | 1.0% p.a. on the amount in arrears, causing the total outstanding to increase.   |
| ▪ Default Rate                               | In the event of default (non-payment) on three (3) consecutive payments of interest pending commencement of instalment or during the payment of monthly instalment, the Bank shall be entitled to increase the financing rate by 1.0% p.a. in addition to the prescribed rate.   |
| ▪ Right to set-off                           | The Bank has the right to set-off any credit balance in account maintained with us against any outstanding balance.  |
| ▪ Right to commence recovery or legal action | <p>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.</p> <p>The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings.</p> <p>Note: Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</p> |

## 6. What if I fully settle the loan during the lock-in period?

- Full and partial prepayments are subject to three (3) months written notice. In lieu of this, three (3) months interest at prescribed interest rate will be charged on any amount prepaid.
- For partial prepayments, amount prepaid shall be applied towards the repayment schedule in the inverse order of maturity. Any amount prepaid shall not be available for redrawing.
- Notwithstanding the above, the Bank may in its absolute discretion impose a prepayment fee of 1.0% or such other rate as the Bank may prescribe on the amount to be prepaid.

## 7. Do I need any insurance or takaful coverage?

The following insurance policies are recommended or required to be taken from panel or non-panel insurance company:

- Mortgage Reducing Term Assurance (MRTA) or Mortgage Reducing Term Takaful (MRTT) to cover the borrower(s) in the event of death or permanent disability.
- Fire insurance or home owner's insurance to cover the property (Compulsory).

## 8. What are the possible risks?

- Please be advised that the prescribed rate is pegged against a reference rate i.e. Base Lending Rate (BLR) and it may vary from time to time. An increase in the BLR may result in higher monthly interest repayments.
- If you have problems meeting your payment obligations, contact us early to discuss repayment alternatives.

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

It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. To update your contact details, you may visit any of our branches or inform us in writing at:

Hong Leong Bank Berhad, Commercial and SME Banking  
Address : Level 5, Wisma Hong Leong, No. 18, Jalan Perak 50450 Kuala Lumpur  
E-mail : [SME@hlbb.hongleong.com.my](mailto:SME@hlbb.hongleong.com.my)

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

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

Hong Leong Bank Berhad, Commercial and SME Banking,  
Address : Level 5, Wisma Hong Leong, No. 18, Jalan Perak 50450 Kuala Lumpur  
Telephone : 1-800-188-133  
E-mail : [SME@hlbb.hongleong.com.my](mailto:SME@hlbb.hongleong.com.my)  
Website : [www.hlb.com.my](http://www.hlb.com.my)

- Alternatively, you may 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. You can contact AKPK at:

Address : Tingkat 8, Maju Junction Mall 1001, Jalan Sultan Ismail 50250 Kuala Lumpur  
Telephone : 1-800-88-2575  
E-mail : [enquiry@akpk.org.my](mailto:enquiry@akpk.org.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 : 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 Bank Berhad, Commercial and SME Banking,  
Address : Level 5, Wisma Hong Leong, No. 18, Jalan Perak 50450 Kuala Lumpur  
Telephone : 1-800-188-133  
E-mail : [SME@hlbb.hongleong.com.my](mailto:SME@hlbb.hongleong.com.my)  
Website : [www.hlb.com.my](http://www.hlb.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](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.ofs.org.my](http://www.ofs.org.my)

**11. Where can I get further information?**

Should you require additional information about taking a term loan, please refer to the bankinginfo booklet on [www.bankinginfo.com.my](http://www.bankinginfo.com.my) website.

**12. Other similar products available**

None.

**IMPORTANT NOTE**

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 MONTHLY INSTALMENT PROMPTLY

The information provided in this product disclosure sheet is valid as at March 2017.