

HONG LEONG CREDIT CARD AUTOMATIC BALANCE CONVERSION PAYMENT PLAN

Hong Leong Auto Balance Conversion Plan ("ABC Plan") by Hong Leong Bank Berhad ("HLB") is open to all principal cardholders of Hong Leong Credit Cards who meet all the Eligible Criteria set out in Table 1 below ("Selected Cardholders") and whose credit card accounts are in good standing or not in default.

Terms and Conditions

The following sets out the terms and conditions applicable to the Hong Leong Credit Card Automatic Balance Conversion Payment Plan ("T&Cs"):

Eligibility

Table 1 – Eligibility Criteria

Eligibility Criteria	
i)	Monthly Income on record equal or less than RM 5,000
ii)	Has not made any full payment of his/her outstanding balances over the past 12 months
iii)	Has an average payment ratio equal or less than 10% of his/her outstanding statement balances in the past 12 months and is calculated as follows: <i>Pay ratio = Total Payment (12 months) ÷ Total Statement Balance (12 months)</i> <i>Refer Appendix 1 for examples</i>
iv)	Has a minimum credit card outstanding balance of RM1,000.00 ("Eligible Outstanding Balance")
v)	Nationality : Malaysian

- Each Hong Leong Credit Card of a Selected Cardholder ("Eligible Card") who have met all the Eligibility Criteria in Table 1 above will have its outstanding credit card balance automatically converted to the ABC Plan.
- The ABC Plan is applicable to multiple Hong Leong Credit Cards subject to the Eligible Criteria being met for each Hong Leong Credit Card. Each Eligible Card will be subject to the ABC Plan Mechanics and T&Cs set out herein.
- Selected Cardholders will receive a Short Message Service ("SMS") and/or Electronic Direct Mailer ("EDM") notifying the Selected Cardholders of the automatic enrolment of the Selected Card for the ABC Plan ("Auto-Enrolment Notification").
- Principal Selected Cardholders who do not receive the Auto-Enrolment Notification from HLB may contact HLB's Contact Center at 03-76268899 to enquire about his/her eligibility for the ABC Plan.

ABC Plan Mechanics

5. Under the ABC Plan, the Selected Cardholders' outstanding credit card balance for an Eligible Card will be converted into a three (3) year term loan with an effective interest rate ("EIR") of thirteen per centum (13%) per annum based on a monthly reducing balance repayment method. The following table sets out the key features of the ABC Plan:

Selected Cardholders' Interest Rate tier (per annum)	Tenure (months)	Effective Interest Rate for ABC plan (per annum)
15%-18%	36	13% (Flat interest of 7.1% p.a)

6. Each Selected Cardholder is only entitled to be enrolled for the ABC Plan once in every twelve (12) months. Example 1 below illustrates how this works.

Example 1

Mr X's outstanding statement balance as at May 2019 was placed on the ABC Plan. Mr. X will only be eligible for the ABC Plan again in May 2020.

7. HLB will convert Selected Cardholders' Total Outstanding Balance (defined in Clause 9 below) pursuant to the ABC Plan subject to the Selected Cardholders complying with the following conditions at the date of conversion ("Eligible Cardholders") :
- the 5% minimum credit card outstanding balance ("Minimum Payment") has been paid by the relevant payment due date; and
 - the Selected Cardholder continues to fulfil all the Eligible Criteria.
8. The ABC Plan allows an Eligible Cardholder to repay the Total Outstanding Balance by way of monthly instalments ("ABC Monthly Instalments") over thirty-six (36) months ("Tenure"). No processing fee will be charged for the ABC Plan.
9. The term Total Outstanding Balance shall mean the total outstanding balance on the Eligible Card which has already been debited to the Eligible Cardholder's credit card account and/or recorded in the current credit card statement ("Current Statement"). Total Outstanding Balance shall include principal, interest and fees as well as instalment amounts payable under other HLB credit card programmes as Extended Payment Plan, Flexi Payment Plan, Call-for-Cash, Call-for-Cash Plus, Annual Fees, and other charges imposed by HLB in the Current Statement. The total outstanding balance to be converted shall not exceed the total Credit Limit assigned to the Eligible card holder account.
- Existing instalment amounts payable under other HLB credit card programmes such as Extended Payment Plan, Flexi Payment Plan, Cash-on-Call, Call-for-Cash and Call-for-Cash Plus will continue to be billed to the Eligible Card account until the instalment period is completed.
10. The Total Outstanding Balance which is converted to the ABC Plan would not be entitled the Selected Cardholder to any reward points and/or cash rebates unless notified otherwise by HLB.
11. The ABC Monthly Instalment is calculated by dividing the total of the following sums with the Tenure:
- Total Interest Amount;
 - ABC Amount, i.e. Total Outstanding Balance less the Minimum Payment; and
 - Any fees in respect of the Eligible Card ("Total Fee Amount").

The calculation of the ABC Monthly Instalment is as follows:

$$\text{ABC Monthly Instalment} = \frac{\text{Total Interest Amount} + \text{ABC Amount} + \text{Total Fee Amount}}{36 \text{ months (i.e. Tenure)}}$$

The ABC Monthly Instalment shall be billed to the Eligible Cardholder's credit card statement on a monthly basis until the Tenure is completed as illustrated in Example 2 below.

Example 2

Example of ABC Plan with 13% p.a. Effective Interest Rate Monthly Instalment calculation for 36 months tenure based on monthly reducing balance repayment method:

An ABC Amount of RM 10,000 is converted to the ABC Plan for an Eligible Cardholder for 36 months tenure with a corresponding EIR of 13% p.a. (flat interest of 7.1% p.a). Based on this example, the ABC Monthly Instalment payable over 36 months will be RM336.94 (column D in the table below).

The following Table 2 illustrates the monthly principal deduction as well as monthly interest charged under the ABC Plan in Example 2.

Table 2 – Illustration of payments under Example 2

Month	Original Principal (RM) (A)	Monthly Principal (RM) (B)	Monthly Interest (RM) (C)	Monthly Instalment (RM) D = (B + C)	Balance Principal (RM) E = (A - B)
1	10,000	228.61	108.33	336.94	9771
2	9771	231.09	105.86	336.94	9540
3	9540	233.59	103.35	336.94	9307
4	9307	236.12	100.82	336.94	9071
5	9071	238.68	98.26	336.94	8832
6	8832	241.27	95.68	336.94	8591
7	8591	243.88	93.07	336.94	8347
8	8347	246.53	90.42	336.94	8100
9	8100	249.19	87.75	336.94	7851
10	7851	251.89	85.05	336.94	7599
11	7599	254.62	82.32	336.94	7345
12	7345	257.38	79.57	336.94	7087
13	7087	260.17	76.78	336.94	6827
14	6827	262.99	73.96	336.94	6564
15	6564	265.83	71.11	336.94	6298
16	6298	268.71	68.23	336.94	6029
17	6029	271.63	65.32	336.94	5758
18	5758	274.57	62.83	336.94	5483
19	5483	277.54	59.40	336.94	5206
20	5206	280.55	56.40	336.94	4925
21	4925	283.59	53.36	336.94	4642
22	4642	286.66	50.28	336.94	4355
23	4355	289.77	47.18	336.94	4065
24	4065	292.91	44.04	336.94	3772
25	3772	296.08	40.87	336.94	3476
26	3476	299.29	37.66	336.94	3177
27	3177	302.53	34.42	336.94	2874
28	2874	305.81	31.14	336.94	2569
29	2569	309.12	27.83	336.94	2259

30	2259	312.47	24.48	336.94	1974
31	1974	315.85	21.09	336.94	1631
32	1631	319.27	17.67	336.94	1312
33	1312	322.73	14.21	336.94	989
34	989	326.23	10.72	336.94	663
35	663	392.76	7.18	336.94	333
36	333	333.34	3.61	336.94	0

12. The Eligible Cardholders must pay the full ABC Monthly Instalment amount in addition to the Minimum Payment due on the rest of the credit card outstanding balance. In the event the ABC Monthly Instalment amount and the Minimum Payment (collectively “Total Payment Due”) are not received by HLB in full on or before the payment due date as specified in the monthly credit card statement, the prevailing finance charges and late payment fee shall be charged on the Total Payment Due, in accordance with the terms and conditions of HLB’s Cardholder Agreement (“Cardholder Agreement”).
13. Each monthly instalment paid will incrementally restore the available credit limit or in full once the Auto Balance Conversion is fully repaid.

Events of Default

14. The Eligible Cardholders shall forthwith settle all outstanding balance under the ABC Plan including fee and interest if:
 - a) they are in default of any of the T&Cs herein or any of the terms under the Cardholder Agreement;
 - b) they are in default of payment of the ABC Monthly Instalment and/or any sums due for more than sixty (60) days from the payment due date;
 - c) the ABC Plan is cancelled or terminated due to any reason whatsoever; or
 - d) the credit card account is cancelled or terminated.

If the outstanding balance under the ABC Plan is not fully settled, the prevailing finance charges including late payment fee (if any) shall be levied on the outstanding balances under the said ABC Plan until full settlement of all outstanding amounts under the ABC Plan.

OPT-OUT option of the ABC Plan

15. Selected Cardholders may opt out from the ABC Plan by replying NB<space> last 4 digits of the HLB Credit Card number via SMS to 66600 (“Opt-Out Notification”) if the Selected Cardholders do not wish to their Total Outstanding Balance to be converted to the ABC Plan within the time frame stated in the Auto-Enrolment Notification. Upon HLB receiving the Opt-Out Notification from the Selected Cardholders, HLB will not proceed with the conversion of the Total Outstanding Balance to the ABC Plan.
16. Selected Cardholders are given a thirty (30) days cooling-off period for the first (1st) ABC conversion exercise without incurring any penalty for cancellation of the conversion. For subsequent conversion exercises, the Selected Cardholders are given the opportunity to opt-out of the ABC Plan before the conversion commences.
17. If the Eligible Cardholder has opted out but subsequently wishes to be enrolled for the ABC Plan, the Eligible Cardholder can call Hong Leong Contact Center to apply for the plan. However, the approval for the ABC Plan is subject to Eligible Cardholder current profile meeting clause 1 and 7 above.

ABC Conversion

18. The conversion of the Eligible Cardholder's Total Outstanding Balance to the ABC Plan will be subject to: -
 - a) the Eligible Cardholder meeting the Eligibility Criteria (as per clause 1 and 7 above)
 - b) the Eligible Cardholder's credit card account is not in default at the time of ABC conversion; and
 - c) in any other case, at the Bank's sole and absolute discretion.

19. The Eligible Cardholder will be notified of successful or rejection of the conversion of the Total Outstanding Balance under the ABC Plan via post within ten (10) Business Days from the date the ABC Plan conversion was effected or would have been effected, in the case where the ABC Plan conversion is rejected. HLB reserves the right to reject the conversion of the Total Outstanding Balance by giving reason(s) thereof. In the event the Eligible Cardholder does not receive any notification from HLB after ten (10) working days from the date of HLB's notification of the ABC Plan conversion, the Eligible Cardholder is required to contact HLB's Contact Centre for clarification.

After Conversion

20. In the event that the Eligible Cardholder wishes to cancel the ABC Plan after the cooling-off period, the Eligible Cardholder is required to settle the outstanding amount of the affected month. No early termination penalty will be charged to Eligible Cardholders if early settlement is made.

General

21. By taking up this ABC plan, the Eligible Cardholders agree:
 - a) to have read, understood and agreed to be bound by the T&Cs ;
 - b) that HLB's decision on all matters relating to the ABC Plan shall be final, conclusive and binding on all Eligible Cardholder.
 - c) to access the HLB's Website at www.hlb.com.my (HLB's Website") at regular time intervals to view the T&Cs and ensure kept up-to-date on any change or variation to the T&Cs.

22. HLB reserves the right to:
 - a) disqualify any Eligible Cardholders in the event the Eligible Cardholders breach the terms and conditions of this T&Cs;
 - b) reject the Eligible Cardholders' application for the ABC Plan and in such event, HLB shall provide the reason(s) for the rejection and
 - c) add, delete, suspend or vary the T&Cs contained herein, either wholly or in part by way of posting on HLB's Website, or in any manner deem practical, in order to give prior notice to the Eligible Cardholders on such addition, deletion or amendment of the said T&Cs or suspension or termination of the plan.

23. These T&Cs shall be read together as an entire agreement with the Cardholder Agreement, which regulates the provision of the credit card facility by the Bank to the Selected Cardholders. In the event of inconsistencies of any of the T&Cs herein and the Cardholder Agreement, the T&Cs herein shall prevail to the extent of such inconsistencies.

24. The T&Cs herein shall be governed by and construed in accordance with the laws of Malaysia and the Selected Cardholders agree to submit to the jurisdiction of the Courts of Malaysia.

25. Words denoting one gender include all other genders and words denoting the singular include the plural and vice versa.

Appendix 1

Scenario of Eligible/Non-Eligible Payratio

Cust	Month	Past 12 Months	Past 11 Months	Past 10 Months	Past 9 Months	Past 8 Months	Past 7 Months	Past 6 Months	Past 5 Months	Past 4 Months	Past 3 Months	Past 2 Months	Past 1 Month	Current month Average past 12 Months Payratio	ABC Eligibility	Remarks
A	Pay ratio	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	Yes	
B	Pay ratio	5%	50%	5%	5%	5%	5%	5%	5%	5%	5%	1%	1%	8.1%	Yes	
C	Pay ratio	3%	4%	5%	1%	1%	3%	100%	1%	1%	1%	2%	2%	10%	No	Full payment was made for 1 month in the past 12 months
D	Pay ratio	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	0%	4.6%	No	No payment made last month
E	Pay ratio	5%	5%	5%	10%	8%	5%	5%	5%	80%	5%	5%	5%	12%	No	Average Pay Ratio >10% in the past 12 months

Definition :

$$\text{Pay Ratio} = \frac{\text{Total Payment}}{\text{Total Statement Balance}}$$

Example :

5% - Made minimum payment

0% - No payment made

100% - Full payment made