

# PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to sign-up for the HSBC Bank Malaysia Berhad's ("the Bank") Term Loan product. Be sure to also read the Relationship Terms of Business and Generic Terms & Conditions for Commercial Banking and the terms and conditions as stipulated in the Facility Offer Letter.

**HSBC Bank Malaysia Berhad**  
**• Term Loan**

Date : Aug 2022

## 1. What is this product about?

- A 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. For property financing, the said property is to be charged/assigned to the Bank.
- This term loan is calculated on a variable basis, which means the interest of the loan changes with the changes in market interest rates.
- You may be required to provide/procure a guarantee, pledge, security deposit and/or such other form of security to secure this facility and/or payments due to the Bank.

## 2. What do I get from this product?

Interest rates charges will depend on the purpose of financing and is pegged to an applicable base rate (eg. KLIBOR, applicable currency Risk Free Rates, Term Rates / Central Bank Rates\* etc.) and will be subject to the relevant credit approvals.

*\*Example of Central Bank Rates are: The Fed Funds Target Rate (USD) / Bank of England Rate (GBP). Examples of Risk Free Rates are: Secured Overnight Finance Rate ("SOFR") for USD / Sterling Overnight Index Average ("SONIA") for GBP. Examples of Term Rates are: EURIBOR (EUR) / TIBOR (JPY).*

### Example:

<b>Loan Interest:</b>	KLIBOR* + 1.5% p.a
<b>Loan amount:</b>	RM 1,000,000
<b>Loan tenure:</b>	10 years
<b>1 month KLIBOR rate* (prevailing rate as of May22)</b>	2.14% p.a, subject to market fluctuations.
<b>Effective Lending Rate</b>	3.64% p.a
<b>Monthly Interest Charged</b>	RM 2,991.78  Calculation: (Loan Outstanding Principal Amount x Effective Lending Rate x No. of days in the Interest Period)  = RM 1,000,000 x 3.64% x 30 / 365 = RM 2,991.78

\* KLIBOR / Rate tenure is aligned with periodicity of the interest period.

## 3. What are my obligations?

- Loan repayment for the term loan facility is typically in the form of monthly, quarterly or semi-annually instalment. You are required to service such instalment amount upon first drawdown or after full loan disbursement as stipulated in your facility offer.

- Servicing of the interest charged pending full disbursement.
- You may also be required to provide/procure a security e.g. guarantee, pledge, security deposit to secure this facility and/or payments due to the Bank.

Note: Your monthly / quarterly / semi-annually instalment and total repayment amount will vary according to changes in the applicable base rate

<RM to indicate the exact amount>.

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

<b>Stamp Duties:</b>	As per the prevailing Stamp Act 1949 (Revised 1989) and subject to any stamp duty exemption or remission orders, if any, as may be granted from time to time.
<b>Legal fees:</b>	Legal fees incurred in the preparation of all documentation and perfection of the bank's security documents.
<b>Facility Arrangement Fee</b>	Minimum RM2,000.†
<b>Facility Management Fee</b>	RM400 to be charged for each annual review or upon amendment of existing facilities.†
<b>Late Payment Interest charges</b>	1% per annum above the effective rate of interest (or as stipulated in the Facility Offer Letter) on the overdue amount.
<b>Prepayment Fee</b>	Fee is calculated based on the amount (if any) by which the interest the Bank should have received had the facilities (or part thereof) been repaid on the last day of the then current interest period exceeds the return the Bank would be able to obtain by placing an amount equal to the amount so repaid on deposit with a leading bank in the relevant interbank market. This is also commonly known as the break cost fee.
<b>Tax:</b>	Where tax is chargeable on any of the above fees and charges, the applicable tax shall be imposed in addition to such fees and charges, and shall be payable

†Not applicable to Customer which is a "small and medium enterprise" within the National SME Development Council's definition ("SME")

<RM to indicate other fixed charges/fees associated with Term Loan>

The fees and charges mentioned in our schedule of tariff and charges (as may be varied from time to time) are also applicable based on the transaction types mentioned therein. See this link for more information : <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges>

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

- In the event of late payment of any part of the principal and/or interest, additional interest on the amount overdue will be charged at an additional 1% per annum over the prescribed interest rate from the due date until the date of payment.

Example: (amount overdue) x [(interest rate) + 1%] x n/Number of days in a calendar year as stipulated in FOL (n= number of days overdue)

- **Right to set-off:**
  - The Bank have the right to set-off any credit balance in your account(s) maintained with us against any outstanding balance in this financing account

▪ **Right to commence recovery activities:**

- In the event of default, the Bank has the right to commence recovery activities.

**6. What if I fully settle the loan before its maturity?**

- You may, subject to paying Break Costs (i.e Prepayment Fee), prepay the loan or part thereof by giving the Bank three (3) months prior written notice of your intention to prepay or by paying three (3) months interest in lieu of notice.
- If the applicable interest rate is overnight Risk Free Rate, Break Costs may not be applicable. However, prepayment may only be made not more than four occasions under in any 12 month period with the first 12 month period to commence from the date of the first drawdown. If (i) the Bank allows additional prepayment beyond four occasions under such aforementioned 12 month period and/or (ii) a prepayment made under this clause would result in the facility limit being exceeded, the Customer shall, in respect of any additional prepayments, pay to the Bank the amount calculated by the Bank to compensate it for its reasonable costs and expenses properly incurred in administering or giving effect to the payment of the facility (or part thereof) prior to the last day of the then current interest period.

**7. Do I need any insurance / takaful coverage**

- Insurance/Takaful coverage is not required for a Term Loan facility.
- However, if there are property charged to the Bank as security for the term loan facility, it shall be insured by an insurer/takaful operator acceptable to the Bank. You may let the Bank know the choice of insurer/takaful operator for verification.

*<RM to indicate the type of insurance coverage required e.g. Fire Commercial, MRTA/MRTT, etc>*

**8. What are the major risks?**

- Interest rates may change due to changes in the reference/base rates. An increased interest rate may result in higher monthly / quarterly / semi-annually repayment.
- If you have problems meeting loan obligations, contact the Bank early to discuss repayment alternatives.

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

- It is important that the Bank is informed of any change in your/your business/company's contact details to ensure that all correspondences reach you/your business/company in a timely manner.
- Changes in your/your business/company's contact details should be formally submitted in writing and duly authorized by the company's authorised signatories. Please contact your Relationship Manager for further clarification.

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

- If you have any enquiries, please contact your Relationship Manager or visit our website at: <https://www.business.hsbc.com.my>.

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

- If you have difficulties in making the applicable periodical payments, you should contact your dedicated Relationship Manager at the earliest possible instance to discuss payment alternatives.
- You may also 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 and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,  
Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)  
Email: [enquiry@akpk.org.my](mailto:enquiry@akpk.org.my)

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

HSBC Bank Malaysia Berhad  
Customer Relations Team  
Level 30, Menara IQ, Persiaran TRX  
55188 Tun Razak Exchange, Kuala Lumpur.  
E-mail: [complaints@hsbc.com.my](mailto:complaints@hsbc.com.my)  
E-mail: [complaints@hsbc.com.my](mailto:complaints@hsbc.com.my)

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

Bank Negara Malaysia  
Jalan Dato' Onn  
P.O. Box 10922  
50929 Kuala Lumpur.  
Tel: 1300-88-5465 (1-300-88-LINK)  
(Overseas: 603-2174-1717)  
Fax: 03-2174 1515  
Email: [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Web form: eLINK at <https://telelink.bnm.gov.my/>  
Operating Hours: 9.00AM to 5.00PM – Monday to Friday  
General Number: 603-26988044 / 2698 9044 / 9179 2888

## 12. Other facilities/packages available:

- The Bank has a wide range of financing facilities available such as Revolving Loans, Overdrafts, and Trade Facilities. You may also refer to our website at <https://www.business.hsbc.com.my> for further details.

### IMPORTANT NOTES:

- The facility(ies) may be immediately suspended or terminated and all sums payable on demand in the event you default in the payment of any sum due under the facility(ies) whether interest or otherwise or is in breach of the terms of the facilities documentation.
- You are advised to go through and understand the information in this Product Disclosure Sheet. HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product (*for example, terms and conditions found in facility offer letter, or the Bank's Generic Terms and Conditions, etc*) you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your

business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if you are in doubt. Should you require any support, kindly reach out to your Relationship Manager or the relevant HSBC officer. Your subsequent application for the banking service/facility is deemed as having an understanding of the relevant product (and you have sought for clarification, if required)

The information provided in the disclosure sheet is valid as at **04/08/2022**

Issued by HSBC Bank Malaysia Berhad (Company No. 198401015221 (127776-V))