

PRODUCT DISCLOSURE SHEET (Versi Bahasa Malaysia)

This Product Disclosure Sheet (PDS) contains general information about the product, which is subject to change at the Bank's discretion.

Business and Corporate Banking-i
Product: Onshore Foreign Currency Financing-i (OFCF-i)
Date: / /
1. What is Onshore Foreign Currency Financing-i (OFCF-i)?

OFCF-i is an Islamic trade financing facility in foreign currency(ies) which complies with Shariah principles for financing of domestic and/or international trade related activities involving goods and services such as imports, exports, local purchases (for pure local purchases / export purpose only) and local sales (for pure local sales / where the customer has import or foreign currency obligations) and domestic and foreign operating expenses and services payables which adds to the cost of the trade transaction. OFCF-i can only be used to finance goods/services payables/items permissible by Shariah and should not be extended to Customers involved in Shariah non-compliant businesses/services/activities. Applicable Shariah contract for OFCF-i is Tawarruq, which refers to two (2) sale and purchase contracts. The first involves the sale of an asset by the Bank to the Customer on a deferred payment basis. Subsequently, the Customer will sell the same asset to a third party to obtain cash.

Note: For financing of pure local purchases, pure local sales and domestic services and/or operating expenses, the OFCF-i must be complemented with an Islamic Foreign Exchange ("FEC-i") facility.

Benefits – What do you get from this product?

- Access to alternate funding in foreign currency at competitive profit rate.
- Improve cash flow for better cash management and business expansion.
- Net exporters have the advantage of natural hedging of exchange risk
- Minimum period of financing is five (5) days and the maximum period must not exceed the approved financing tenure.
- For financing of imports / local purchases on usance (payable on future date) basis, the aggregate maximum period of financing inclusive of the usance period should not exceed the aforesaid period
- For financing of exports / local sales, the aggregate maximum period of financing should be based on the credit terms in the invoice or approved financing tenure, whichever is shorter.
- Scope of financing includes operational expenses and services payables.
- OFCF-i is drawn against presentation of supporting documents with minimum OFCF-i financing amount is set at USD5,000.00 or its equivalent.

2. Know Your Obligations
Pricing

- (1) Profit Rate (All in Rate (AIR)) = Foreign Currency Islamic Cost of Funds (FCY ICOF) + financing (Spread) [___ % per annum (p.a.)]
Note: Profit Rate will be fixed at point of each disbursement for an agreed financing period and must be paid in full on maturity date.
- (2) Financing (Spread): Rate as specified in Letter of Offer.

Pricing shall be computed from the financing date until payment is received on the maturity date: -

$$\text{Pricing} = \frac{\text{Principal} \times [\text{FCY ICOF} + \text{Financing (Spread)}] \times \text{Financing Tenure}}{360 \times / 365}$$

*Year base depends on the currency type, e.g. 360 days for USD

- (3) Selling Price which is inclusive of profit amount is fixed at point of each disbursement calculated based on prevailing profit rate illustrated as follows and to be fully paid at maturity of every disbursement. However, all other applicable charges are to be collected upfront (e.g. remittance charges, trading fees, postage etc.).

Illustration: Profit Calculation Method	Discounting Method	Cost-Plus Method
Facility Limit	: USD1,000,000.00	USD1,000,000.00
Invoice Amount	: USD100,000.00	USD100,000.00
Profit Rate	: 6.05%	6.05%
Financing Tenure	: 60 days	60 days
Profit Amount	: USD1,008.33	USD1,008.33
Financing Amount	: USD98,991.67	USD100,000.00
Selling Price	: USD100,000.00	USD101,008.33

Numbers are for illustration purposes only.

It is your responsibility to:



Read and understand the pricing and the terms and conditions in the letter of offer and/or facility agreement and/or application form before taking up and/or utilizing the facility.



Authorize the Bank to debit your account for all fees, charges, profit, compensation charges, acceptance commission, costs or expenses in respect of disbursement, payment of the OFCF-i.



Avoid financing the same trade transaction using other facilities with our Bank or other banks.



Ensure all documents presented to the Bank pertaining to the financing are genuine and relate to actual trade transactions.



Certify that the goods and affiliated parties / counterparties pertaining to the trade transaction are not sanctioned/prohibited/restricted and in line with your company's nature of business.



Inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.

You also have to pay other fees and charges, where applicable, per our full list of fees and charges published at: <https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/trade-service-i.html>



3. Know Your Risks

What will happen if you ignore your obligations?

1. If you fail to pay the Bank on the maturity date, the Bank may convert the overdue amount into Ringgit Malaysia (RM) at the Bank's prevailing exchange rate on the date of conversion.
 2. Compensation Charges
 - a. If you default your payment after the expiry of Facility Tenure, you are to pay compensation charges = BNM's prevailing daily overnight Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (Outstanding Principal plus accrued profit).
 - b. If you default your payment, causing the Facility to be terminated and brought to court, the compensation charges will be = Up to 1% p.a on the outstanding balance (outstanding Principal plus accrued profit).
 - c. For default payment after court judgement, the compensation charges = BNM's prevailing daily overnight IIMM rate on the basic judgement sum.
- (Note: Compensation charges is computed on daily basis & shall not be added to the outstanding Principal & shall not be more than the outstanding Principal. The computation method and rates are subject to changes as may be prescribed by BNM.)
3. The Bank may set-off any credit balance in your deposit account maintained with the Bank against any outstanding balance subject to issuance of a seven (7) day's prior written notice by the Bank to you
 4. Your OFCF-i facility and all other trade facilities will be immediately suspended once the bill becomes past due.
 5. Right to commence recovery or legal action:
 - i. 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 for settling any shortfall after your asset is sold.
 - ii. The Bank has the right to commence recovery activities (including engaging third-party debt collection agencies), foreclosure, and bankruptcy proceedings.
 - iii. Legal action against you may affect your credit rating, leading to credit being more difficult or expensive to obtain.

What is the major risk?

You may be exposed to foreign exchange fluctuation risk when settlement of the OFCF-i is made in RM equivalent.

4. Other Key Terms

What happen if you fully settle the financing before its maturity?

1. The Bank will grant you rebate (Ibra') at the point of early (partial / full) settlement. Rebate formula is as below:
Rebate (Ibra) on early settlement = Remaining unearned profit

No unwinding fee and early settlement fee will be charged for OFCF-i early settlement.

2. No rebate (Ibra') for OFCF-i settlement on or after maturity date.

Note:

- i. Remaining Unearned Profit = Total Profit (-) Accrued Profit
- ii. Total Profit = Selling Price (-) Financing Amount

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

- Takaful coverage to cover the company in the event of death or permanent disability of the customer or key men of the company (if applicable).
- Takaful coverage over the goods (where applicable).

Where can you get assistance and redress?

 Call us at: 03-7626 8899 / 03-7661 7777	 Visit us at: www.hlisb.com.my/bcbi	 Email us at: HLOnline@hlbb.hongleong.com.my	Agensi Kaunseling dan Pengurusan Kredit (AKPK) Tel: 1-800-88-2575 https://www.akpk.org.my/smehelpdesk
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If you have a query or a complaint that is not satisfactorily resolved by us, you may contact:

HLISB	HLISB
Customer Advocacy Tel: 03-7626 8821 / 03-76268802 / 03-76268812 Email: customerservice@hlbb.hongleong.com.my	Tel: 1-300-88-5465 Overseas: 603-2174 1717 Website: bnm.gov.my/BNMLINK