

Mortgage Product Disclosure Sheet

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to take up this **Overdraft Secured Against Property**. Be sure to also read the terms in the Letter of Offer. Seek clarification from your institution if you do not understand any part of this document or the general terms.

Alliance Bank Malaysia Berhad

Name of Product: Overdraft Secured Against Property

Date: Sept 2023

1. What is this product about?

Overdraft Secured Against Property (OD) is a credit line made available in your current account and is fully secured against your property. This facility is on a revolving basis and is subject to periodic reviews.

2. What do I get from this product?

- Margin of Financing (MOF) offered is up to 70%.
- Interest rate charge is pegged to the Standardised Base Rate ("SBR").
- Financing Tenure is up to 35 years or age 65 (whichever comes first).

Example:

*Overdraft Limit : RM300,000.00

*Maximum Tenure : 20 years

Standardised Base Rate (SBR) : 3.00% p.a. (subject to change)

Effective Lending Rate : SBR + 3.88% = 6.88%

Limit Reduction period : 15 years before maturity or Maximum Tenure, whichever is lower and on a quarterly basis

	Commence monthly repayment immediately	Year 1-5: Interest servicing only Year 6-20: Commence repayment
Total interest cost at the end of 20 years	RM253,041.00	RM284,952.00
Total repayment amount at the end of 20 years	RM553,041.00	RM584,952.00

Assumptions:

100% utilisation

No change in interest rate

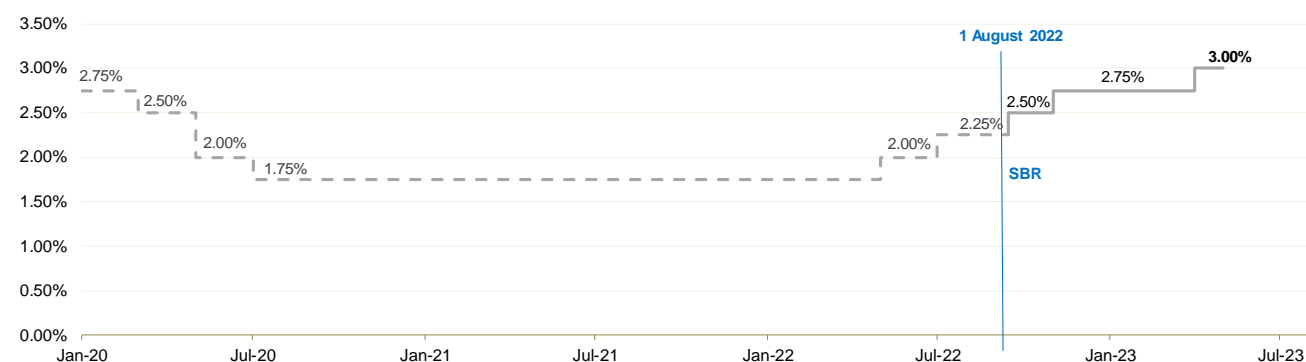
*subject to annual review

3. What is the Standardised Base Rate (SBR)?

The SBR we offer on this product is based on the benchmark rate specified by Bank Negara Malaysia. The benchmark rate is currently set as the Overnight Policy Rate (OPR), which reflects the monetary policy stance as decided by the Monetary Policy Committee of Bank Negara Malaysia.

4. What are possible scenarios to trigger a change in the SBR?

SBR can rise or fall due to changes in the benchmark rate, i.e. changes in the Overnight Policy Rate (OPR).

5. Historical SBR for the past 3 years

Note: The SBR was introduced on 1 August 2022. The dotted line in the graph shows the historical series of the OPR, which is the benchmark rate of the SBR.

6. What are my obligations?

- To service the monthly interest charged on the overdraft limit utilised.
- To repay all outstanding sums under the facility, including the principal amount, interest and any other fees and charges on demand and upon maturity.
- If the financing tenure extends into your retirement age, you must make the necessary arrangements to ensure that you can continue to repay the loan either through a savings plan or an endowment policy to be arranged for by yourself. Please be aware that in the event that you fail to meet any repayment during retirement, your house may be foreclosed. Therefore it is important for you to have a plan on how to service the repayment during retirement.

Important: Interest rate and total repayment amount will vary if the SBR changes.

Example:

Rate	Today (SBR = 3.00%)	If SBR goes up 1%	If SBR goes up 2%
Monthly interest payment (excluding the payment of the OD utilisation) <i>Assumption: 100% utilization</i>	RM1,720.00	RM1,970.00	RM2,220.00

7. What other charges do I have to pay?

a) Legal and Disbursement Fees

Includes solicitor fees as per the scale in the Solicitors' Remuneration Order (SRO) and disbursement fee (fee including but not limited to registration fee, search fee and other related charges).

b) Stamp Duty

Stamp Duty as per the Stamp Duty Act 1949 (Revised 1989).

c) Valuation Fee

Valuation fee for preparing the formal valuation report (applicable for completed properties only).

d) Commitment Fee

1% per annum on any unutilised portion of the combined overdraft facility(ies) exceeding RM250,000.00.

Unless otherwise specified herein, the Bank's charges exclude any current taxes and future taxes that may be imposed, under the relevant legislation. Upon the effective date of implementation of any such taxes in the future and wherever applicable, the Bank will be entitled to recover such taxes from you.

All fees and charges will be updated in the Bank's website from time to time, please visit Alliance Bank's website for information.

8. How do I service my monthly instalment?

For your convenience, we recommend payment via the following methods:

- Interbank GIRO (IBG)/Instant Interbank Funds Transfer (IBFT) via ATM or Internet Banking.
- From your Alliance Current Account/Savings Account - Direct Debit via Alliance Online Banking or Standing Instruction (SI).

Alternatively, you may make payments over-the-counter or at the self-service kiosk, at any Alliance Bank branch.

Remark: Fees and charges may be imposed for cheque and cash payment in the future with prior notice by way of posting on the Bank's website, display at branch premises or by any other means of notification which the Bank may select.

9. What if I fail to fulfil my obligations?

- When an overdraft facility is granted, you should not withdraw funds in excess of the overdraft limit. Additional 1.00% per annum above the Prescribed Rate shall be charged on all sums drawn in excess of the limit ("Additional Interest Rate").
- The Bank shall charge an Additional Interest Rate of not more than 3.00% per annum above the Prescribed Rate or such other rate as the Bank may prescribe from time to time in the event that the overdraft facility is in default.
- The Additional Interest Rate is displayed in the Bank's website and you may refer to <https://www.alliancebank.com.my/> for the latest information.
- The Bank has the right to off-set any credit balances in your accounts maintained with the Bank against any outstanding balance in this financing account.
- Legal action will be taken if you fail to respond to the bank's final reminder notice, your property may be foreclosed and you will have to bear all costs. You are responsible to settle any shortfall after your property is sold.
- Legal action against you may affect your credit rating leading to difficulty in obtaining any credit facility(ies) or it will be more expensive to you.

10. What if I fully settle/cancel the facility during the lock in period?

<ul style="list-style-type: none"> • Lock-in period: 3 years from the 1st disbursement date of the facility. • Early termination fee: 2% on the approved amount.
11. Do I need a guarantor or collateral?
Yes. Overdraft will be secured against the property you have pledged as collateral. No guarantor is needed.
12. Do I need any insurance coverage?
<p>Mortgage Level Term Assurance (MLTA) with the bank is optional. However, you are advised to take up the MRTA/MLTA with the Bank's panel of insurance companies or other insurance companies of your choice approved by the Bank to ensure that your next of kin is protected in the event of any unforeseen circumstances affecting yourself.</p> <p>Note: Fire Insurance coverage with the Bank's panel of insurance companies or other insurance companies of your choice approved by the Bank of is compulsory.</p>
13. 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.
14. Where can I get assistance and redress?
<ul style="list-style-type: none"> • If you have difficulties in making repayments, you should contact us the earliest possible to discuss repayment alternatives. You may contact us at: Alliance Bank Malaysia Berhad, Consumer Collections, 2nd Floor, 3 Alliance, 3 Jalan SS15/2A, 47500 Subang Jaya, Selangor. Tel: 03-5516 9988 Fax: 03-5516 9399 Email: info@alliancefg.com • 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, financial education and debt restructuring for individuals. You may also join the "Program Pengurusan Wang Anda" (POWER) offered by AKPK that promotes financial discipline and prudent financial management. For further information or to register, please contact AKPK at: Tingkat 8, Maju Junction Mall, 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur. Tel: 03-2616 7766 Email: enquiry@akpk.org.my • If you wish to complain on the products or services provided by us, you may contact us at: Alliance Bank Malaysia Berhad, Customer Care Unit, 7th Floor, Menara Multi Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur. Tel: 03-2600 1800 Email: info@alliancefg.com • If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at: Block D, Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur. Tel: 1-300-88-5465 Fax: 03-2174 1515 Email: bnmtelelink@bnm.gov.my • Alternatively, you may contact Ombudsman for Financial Services at: Level 14, Main Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur. Tel: 03-2272 2811 Fax: 03-2272 1577 Email: enquiry@ofs.org.my
15. Where can I get further information?
For further details, please call our Customer Service Centre at 03-5516 9988 or visit any Alliance Bank branch.
16. Mode of disclosure / communication and on-going communication by the Bank
<p>The Bank reserves the right to vary the Terms and Conditions, fees and charges applicable to the Overdraft Secured Against Property by providing at least twenty one (21) calendar days' notice before the variation is effective. The notice of the variation may be given to you via:</p> <ol style="list-style-type: none"> SMS; and/or email; and/or announcement at the Bank's website; and/or insertion in the statement of account ; and/or by any other means of notification which the Bank may select.
17. Other loan packages available:
<ul style="list-style-type: none"> • Housing Loan (https://www.alliancebank.com.my/Alliance/media/Documents/Financing/Conventional-Mortgage-Housing-Loan-PDS.pdf) • Mortgage Term Loan (https://www.alliancebank.com.my/Alliance/media/Documents/Financing/Conventional-Mortgage-Term-Loan-PDS.pdf)
IMPORTANT NOTE: THE BANK MAY DISHONOUR CHEQUES ISSUED IF YOU EXCEED YOUR OVERDRAFT LIMIT.
The information provided in this disclosure sheet is valid as at Sept 2023.

Frequently Asked Questions (FAQ) about Overdraft Secured Against Property

Section A : General

1. What is Overdraft Secured Against Property (“Overdraft”)about?

- a. Overdraft is a credit limit made available in your Current Account and is fully secured against your property. Interest is charged only on the amount you use and will be debited to your Current Account to which your overdraft limit is linked/made available on a monthly basis.
- b. This facility requires you to pledge either your residential or commercial property as collateral.
- c. This facility is on a revolving basis and is subject to periodic review. The Bank reserves the right to request additional info at any point of time.

2. What are the pros and cons of having an Overdraft?

- a. Pros
 - i. Flexibility:
 - The overdraft is a non-reducing credit limit that is available for standby use. You have the flexibility at anytime to make payments in advance to reduce your interest obligations or withdraw funds in the future up to the credit limit.
 - Withdrawal can be done anytime through:
 - ✓ Automated teller machine (ATM)
 - ✓ Issuance of cheque;
 - ✓ Over the counter; or
 - ✓ Online banking via allianceonline.
 - ii. Savings on interest:
 - Interest is charged only when you use the overdraft and based on the amount you have used. It is not charged on the total overdraft limit that is made available to you by the Bank.
 - If you have additional funds, you can choose to pay off the amount you have used. This will bring the amount you used to zero and thus, there will be no interest charged on the next day.
- b. Cons
 - i. The interest rate may be priced higher as compared to a term loan due to the non-reducing credit limit and flexible feature.
 - ii. Your overdraft limit may be reduced before maturity. As the overdraft limit is subjected to periodic review, the Bank reserves the right to maintain or reduce your overdraft limit during the review. Your updated collateral market value or credit worthiness is example of criteria that may affect your overdraft limit.
 - iii. You may be paying more interest in the long run if you only pay the minimum interest amount every month and do not pay off the total amount you have used on a monthly basis.
 - iv. Your overdraft may become overdrawn if you do not pay your interest amount every month. It is therefore advisable that you make regular payments to reduce the principal utilised instead of only servicing interest and reserve some credit limit for the monthly interest charge.

3. What are the features of Conventional Overdraft?

Details	Conventional
Commitment Fee	For any overdraft limits exceeding RM250,000.00, a commitment fee of 1% per annum will be charged on the amount that you do not use.
Lock-in Period	3 years from first loan disbursement
Early Termination Fee	2% on the approved amount

Section B: Repayment

1. **How do I make payments towards my Overdraft limit?**
 - a. You can make payments to the Current Account in which your Overdraft limit is linked/made available.
 - b. The Bank accepts any method of payment i.e. deposit through ATM, interbank transfer, salary crediting or cheque.
2. **When do I make payment towards my Overdraft limit?**
 - a. You can make payments to the Current Account as and when desired.
3. **Do I pay interest only?**
 - a. You are advised to make full or partial payment of the amount you have used, on top of the interest charged on a monthly basis. Interest shall be debited to the Current Account to which your Overdraft limit is linked/made available at the end of each month.
4. **When will my Overdraft limit become overdrawn?**
 - a. Your Overdraft limit is overdrawn when the amount you have used including interest charged is greater than the approved limit.
 - b. In such a scenario, you will need to make payment to reduce the outstanding balance immediately.
5. **What happens when I have two separate Overdraft limit linked to the same Current Account? Which one will I use first? Which interest rate will I be charged first? Will commitment fee be charged if my combined limit exceeds RM250K?**
 - a. If you have ≥ 2 overdraft limits linked to the same Current Account, utilisation of the facilities will follow the sequence at which they were made available to you (i.e. the first Overdraft limit created will be used before the second Overdraft/ is used). For example, your first approved Overdraft limit in year 2010 is RM100K. Your second approved Overdraft limit in year 2013 is RM200K. The amount you can use will follow the first approved Overdraft limit at RM100K, then subsequently the remaining limit of RM200K.
 - b. The interest charge will also follow the sequence at which the Overdraft facilities were made available to you i.e. if you use only RM100K, your interest charge will be based on the first approved overdraft limit. If you use more than RM100K, the interest charge will be based on the second approved overdraft limit.
 - c. If the total limit of your approved overdraft limit exceeds RM250k, you will be charged a commitment fee of 1% per annum on the unutilised amount. Commitment fee is charged on unutilised amount. Please see illustration below.

Facility Drawdown Sequence	Year Approved	Facility Limit	Current Effective Interest rate	Utilisation	Interest Charged	Repayment	Commitment Fee
1	2010	RM100,000.00	6.13%	First ↓	First ↓	Second ↑	No
2	2013	RM200,000.00	6.38%	Second ↓	Second ↓	First ↑	Yes, on combined limit

Section C: Charges

1. **What is the interest rate? Does the rate fluctuate?**
 - a. The interest charged is on a variable rate basis according to the Standardised Base Rate (SBR). The current interest rate is $SBR + 3.88\% = 6.88\%$.
Note: This is not a fixed rate product as the interest will fluctuate whenever there is a change in the SBR.
 - b. There is a minimum interest charge of RM10.00 for Conventional Overdraft facility only. This amount is billed when your interest charge on amount you used is less than RM10.00.
2. **How is interest charge calculated on my Overdraft facility?**
 - a. Interest is charged on the amount you utilise on daily rests. Cumulative daily interest will be debited to your Current Account linked to the Overdraft limit at the end of each month. A statement of account with details of the transactions will be sent to you once a month via electronic medium unless the Bank receives an instruction to the contrary from you.
3. **Are there other charges beside the interest charge?**
 - a. You will be charged a commitment fee of 1% per annum on any unutilised amount for conventional overdraft limits > RM 250,000.00 as per the illustration in the following page.

Conventional Overdraft Facility

Description	Amount
Overdraft Approved Amount	RM 300,000.00
Utilized Amount	RM 200,000.00
Unutilized amount	RM 100,000.00
Interest in days	30 days
Summary	
Interest Charged on Utilized Amount	$= \text{RM } 200,000.00 \times 6.88\% \times 30/365$ $= \text{RM } 1,130.96$
Commitment Fee Charged on Unutilized Amount	$= 100,000.00 \times 1\% \times 30/365$ $= \text{RM } 82.19$
Total Interest & Fee Charged	RM 1,213.15

4. Will I be charged with any withdrawal fees when I make withdrawal?

- There will be no fee charged for withdrawals made over the counter, but withdrawals of cash via the ATM are subject to RM1.00 per transaction through any MEPS shared ATM from other local banks or RM4.00 per transactions for locally incorporated foreign banks, subject to change from time to time.
- Interbank GIRO will charge RM 0.10 per transaction, whereas intrabank transfer will be free of charge.
- Transactions made in foreign currency through debit card shall be converted to Ringgit Malaysia at the conversion rate and charges as determined by MasterCard or Visa and shall be inclusive of 1% foreign exchange conversion spread by Alliance Bank / Alliance Islamic Bank.

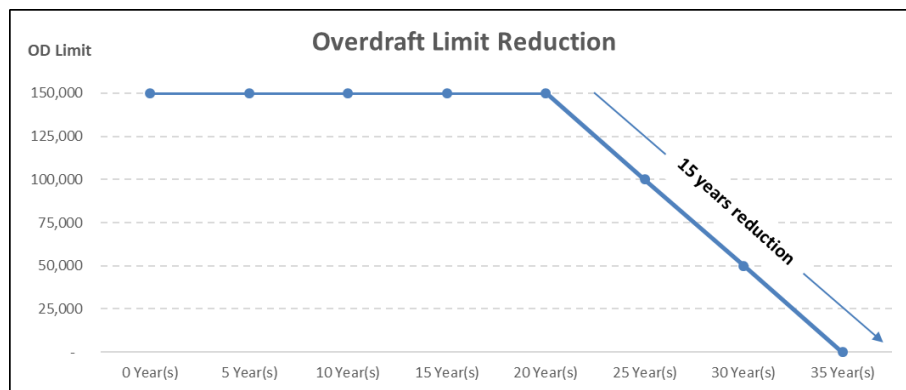
Section D: Tenure

1. What is the maximum loan tenure?

- The maximum loan tenure of the overdraft is 35 years or age 65 years, whichever is earlier.

2. When will my Overdraft limit reduction begin?

- Your overdraft limit will begin to reduce from age 50 until age 65 (for 15 years) **AND** at maximum 35 years loan tenure.
- This reduction is performed on a quarterly basis.
- For illustration purposes, please refer to the graph below.



Section E: Others

1. Who do I contact to find out more information?

Should you require any further information, please do not hesitate to contact our Customer Service at 03-5516 9988.

2. Do I need an Insurance coverage?

- a. Insurance coverage i.e. Mortgage Level Term Assurance (MLTA) is an option available to you when obtaining an overdraft facility from the Bank.
- b. MLTA is a life insurance plan in which the sum assured will not decrease over time. MLTA premium is higher than that of Mortgage Reducing Term Assurance (MRTA).
- c. You are encouraged to have insurance coverage to protect your mortgage in the event of total permanent disability or loss of life.

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