



ALLIANCE BANK

Product Disclosure Sheet

PRODUCT DISCLOSURE SHEET (Read this Product Disclosure Sheet (PDS) before you decide to take up the Portfolio Financing. 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 (“ABMB” or “Bank”) Portfolio Financing Date: _____
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1. What is this product about?

Portfolio Financing is a margin facility account which accepts a basket of collateral such as Unit Trust fund (UT), Interest Rate Structured Investments (IRSI), fixed income bonds and other investment products acceptable to the Bank that are offered under ABMB Wealth Management platform besides quoted shares, cash, ABMB Fixed Deposits (FD) and other collaterals acceptable to the Bank from time to time.

2. What do I get from this product?

- Financing Amount/ Limit : Minimum RM50,000;
Maximum RM20,000,000.
- Margin of Financing (“MOF”) : Up to 75%
(Higher MOF is subject to Bank’s approval)
- Margin call : Up to 80%
- Force-selling : Up to 85%
- Duration : Subject to periodical review at the discretion of the Bank
- Interest Rate : Up to ABMB Base Rate (“BR”) + 1.43%p.a. (subject to multi-collateral portfolio composition). For further details please check with our Account Relationship Manager.
- Interest Payable : Interest calculated daily rest on the financing amount utilised/loan outstanding. The interest is to be serviced monthly via debit from the loan account.
- Estimated profit based on indicative interest rate of 4% and MOF of 60% or 75% with initial fixed deposit tabulated as follows:

MOF = 60%	Pledged Asset		Invested Assets		
	Asset	Fixed Deposit	Unit Trust	Bond	Shares
Collateral Value (RM)	1,000,000.00				
Multiplier			2.5		
Investment Amount (RM)			1,000,000.00	1,000,000.00	500,000.00
Estimated Yield of Return (%)	1.80%		6.00%	5.50%	7.50%
Estimated Profit Without Financing (RM)	18,000.00				
Estimated Profit Without Financing (%)			1.80%		
Estimated Profit With Financing (RM)	18,000.00		60,000.00	55,000.00	37,500.00
Total Estimated Profit With Financing (RM)			170,500.00		
Interest Charged (4% p.a.)			40,000.00	40,000.00	20,000.00
Total Interest Charged (RM)			100,000.00		
Estimated Profit With Financing (RM)			70,500.00		
Estimated Profit With Financing (%)			7.05%		

MOF = 75%	Pledged Asset	Invested Assets		
Asset	Fixed Deposit	Unit Trust	Bond	Shares
Collateral Value (RM)	1,000,000.00			
Multiplier	4.0			
Investment Amount (RM)		1,000,000.00	1,000,000.00	2,000,000.00
Estimated Yield of Return (%)	1.80%	6.00%	5.50%	7.50%
Estimated Profit Without Financing (RM)	18,000.00			
Estimated Profit Without Financing (%)	1.80%			
Estimated Profit With Financing (RM)	18,000.00	60,000.00	55,000.00	150,000.00
Total Estimated Profit With Financing (RM)	283,000.00			
Interest Charged (4% p.a.)		40,000.00	40,000.00	80,000.00
Total Interest Charged (RM)	160,000.00			
Estimated Profit With Financing (RM)	123,000.00			
Estimated Profit With Financing (%)	12.3%			

Note: The above case study is for illustration purposes only. The rate of return on investment has not taken into account the interest compounding effect and time value of money. Higher MOF is subject to the Bank's approval. The final terms and interest rate charged will be stated in the Letter of Offer.

3. What is the Base rate ("BR")

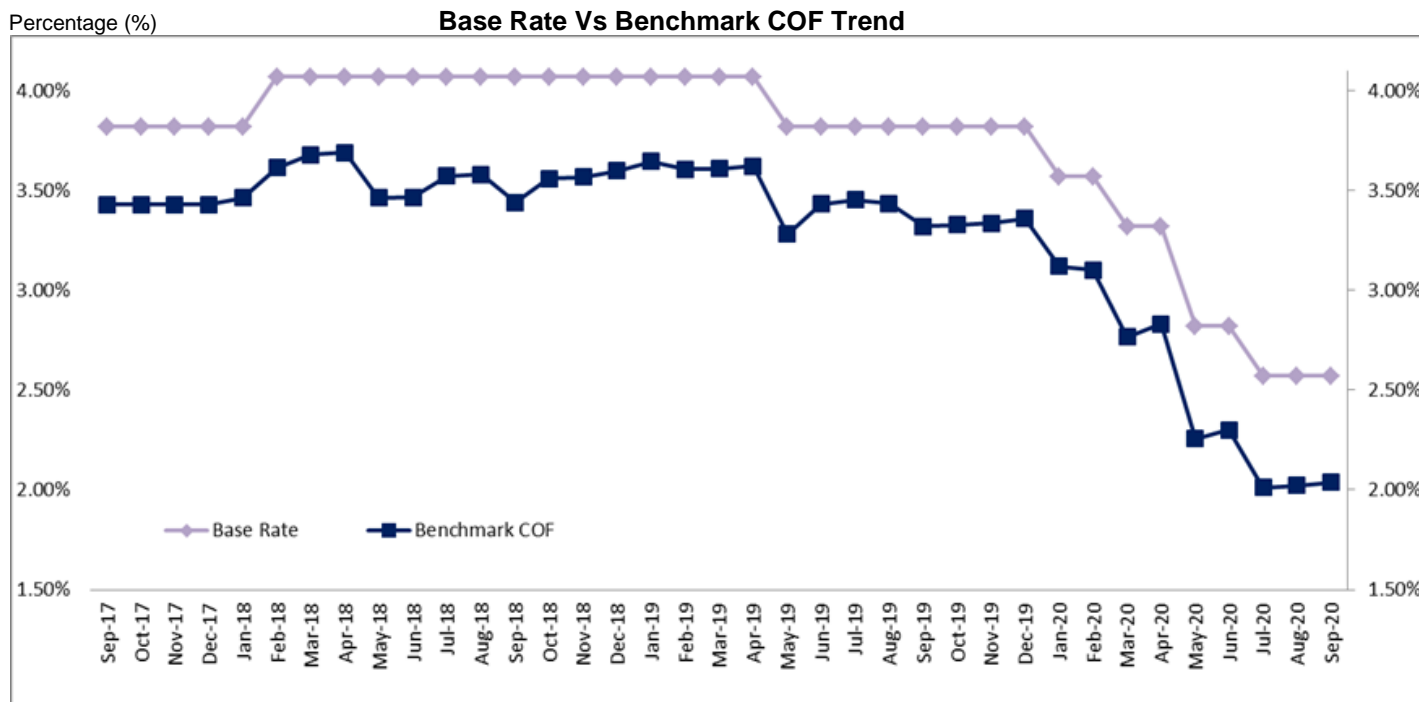
- The Bank's BR comprises our benchmark cost of funds ("COF") and the cost of Statutory Reserve Requirement (SRR) imposed by Bank Negara Malaysia ("BNM"). Our benchmark COF reflects our internal cost of funding new loans/financing, and it is based on the 3-month Kuala Lumpur Interbank Offered Rate ("KLIBOR") and the marginal cost of raising funds from new fixed deposits. The BR methodology is subject to periodic review.

The Group's current Base Rate is 2.57%, effective from 15 July 2020.

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

- Our BR can rise or fall due to changes in the benchmark COF and changes in the SRR. Changes in the benchmark COF could occur due to changes in the Overnight Policy Rate (OPR) as decided by the Monetary Policy Committee of BNM, as well as other factors such as changes in the Bank's funding strategy or cost of raising funds.

5. Historical benchmark COF in the last 3 years



6. What are my obligations?

- You must pay interest calculated on the financing amount utilised/loan outstanding. The interest is to be serviced monthly via debit from the loan account.
- Upon demand, you are to repay all financing amount outstanding/loan outstanding under the facility, including the principal amount, interest and any other fees and charges.
- Should the asset/collateral value fall short of your outstanding amount owing to the Bank, you are required to furnish/ provide additional collateral or cash to the Bank.

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

No.	Fees	Charges
i)	Documentation fees & administration fees	Approximately RM245, subject to any changes as may be made by the Bank from time to time
ii)	Stamp Duty	The stamp duty payable under the prevailing Stamp Act 1949

Note:

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’s will be entitled to recover such taxes from you.

For more information about fees and charges, please refer to <https://www.alliancebank.com.my/general/fees-and-charges.aspx>.

8. What if I fail to fulfill my obligations?

- Penalty for excess: 1.0% p.a. on the amount in excess.
- You shall maintain the security margin at all time. In the event that the value of securities is inadequate to cover the loan outstanding; you would be subject to margin call or force-sell, which requires you to provide additional collaterals or cash. The Bank reserves the rights to force-sell your collaterals pledged to cover for the inadequate security margin in the event you fail to rectify the security margin position within the stipulated time frame. The grace period to rectify margin call and/or excesses is within four (4) business days from the date of communication/notification.
- In addition to any other right which the Bank may have, the Bank shall be entitled at any time, and with prior notice to you, to combine or consolidate all or any of the accounts and liabilities of yours or set-off or transfer any sum or sums standing to the credit of one or more of such accounts, in or towards satisfaction of any of the liabilities of yours under the facility.

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

- You may make a full settlement on your loan at any time. There is no penalty or fee charged for early settlement.

10. Do I need any insurance/ takaful coverage?

- No

12. What are the major risks?

- **Loan Financing Risk**

You should assess the inherent risk/ existing risk of investing with borrowed money which should include the following:

- the ability to service monthly interest and repay the outstanding credit facility as and when is required; and
- the ability to provide additional cash and/or securities should pledged collateral value fall beyond a certain level/ the account is under margin call or force sell.

- **Interest Rate Risk**

The effect of increase in interest rates on the loan financing, an increase in interest rate will reduce the return of investment.

- **Currency risk**

Whilst the loan financing is denominated in RM, if collaterals denominated in foreign currencies will cause the pledged collaterals to be exposed to currency risks. (Risk arise from currency conversion)

- **Liquidity Risk**

The pledged securities or asset cannot be liquidated immediately in the market to rectify the margin call/ force sell level, resulting lower sales/ redemption proceeds and may lead to lower return of investment.

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

- Please inform our sales staff i.e. personal financial consultant, customer relationship manager or exempt dealer of any changes in your contact details to ensure all correspondence reaches you in a timely manner.

12. Where can I get assistance and redress?

- 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 counseling, financial education and debt restructuring for individual. 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 complaint on the products or services provided by us, you may contact us at:

<u>Peninsular Malaysia</u>	<u>Sabah</u>	<u>Sarawak</u>
Regional Centre Manager- Peninsular Share Trading Centre Alliance Bank Malaysia Berhad 6th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2604 2111 Fax: 03-2691 9891	Regional Centre Manager- Sabah Share Trading Centre Alliance Bank Malaysia Berhad 84, Jalan Gaya 88000 Kota Kinabalu Tel: 088-260 785 Fax: 088-260 594	Regional Centre Manager- Sarawak Share Trading Centre Alliance Bank Malaysia Berhad 70, 2nd Floor, Lot 31275, Block 10, Jalan Laksamana Cheng Ho, 93200 Kuching Tel: 082-243 268 Fax: 082-426 139

- 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

13. Where can I get further information?

If you have any enquiries or require further clarification, please contact the nearest ABMB branch and Share Trading Centres.

14. Other loan/financing packages available?

- Margin + Trading 2 in 1 Account

IMPORTANT NOTE: FORCE-SELLING MAY BE TAKEN AGAINST YOUR SECURITY OFFERED IF YOU DO NOT TOP-UP WITHIN STIPULATED TIMEFRAME ON YOUR FINANCING FACILITY.

The information provided in this disclosure sheet is valid as at the date herein or until _____