



FAQ (WPL)

What is Wealth Portfolio Lending?

Wealth Portfolio Lending (WPL) is a loan secured by eligible assets acceptable to HSBC Bank Malaysia Berhad ("HSBC Bank") for the purpose of investment in Unit Trust and/or Bond/Sukuk. The loan is uncommitted, repayable on demand and callable at any time and is subject to annual review by HSBC Bank. It provides you liquidity to take full advantage of potential investments opportunities that may arise.

What is the meaning of "eligible assets"?

Eligible Assets are assets which you can charge, pledge, and assign to HSBC Bank as security for the loan, for example: MYR/foreign currency Time Deposit, Bond/Sukuk and Unit Trust.

Which currency is available for drawdown?

Loan currency is available in AUD, CHF, EUR, GBP, JPY, SGD, USD.

Can Advance Ratio change from time to time?

Yes, it may change from time to time in view of the macroeconomic factors and is subject to the HSBC Bank's internal credit policy.

How do I repay the loan?

You can pay your facility through:

- Cash or cheque deposit via our cash/ cheque deposit machine, ATM or at your nearest branch.
- Fund transfer via online banking

There is no minimum monthly repayment, and you can decide when and how much to pay back. We will work out the daily interest charges and the interest will be charged based on the currency you drawdown, which will be debited into your loan account on monthly basis. You must ensure that the account's outstanding balance is within your credit limit or effective credit limit, whichever is lower.

What happens if I can't pay the loan back?

Keep in mind that if the Advance Ratio of your secured assets goes down, your outstanding balance could go over your Effective Credit Limit. If that happens, we'll help work with you and reassess your options.

You can do this by:

- providing additional funds to reduce the outstanding facility or



- pledging additional secured assets to increase the Effective Credit Limit on your facility.
- selling some or all of your eligible assets and use the proceeds for repayment

If you're unable to make any of these adjustments, we may need to sell some or all the secured assets in your Wealth Portfolio Investment account.




Can I cancel the loan?

Yes, to cancel your facility, you'll need to complete the Wealth Portfolio Lending Customer Request Form. Please make sure there are enough funds in your account to settle any outstanding balances before we cancel the financing.

How the Wealth Portfolio Lending works?

Capital Gains

Assuming you have USD 400,000 invested into a unit trust, which pays a dividend of 3.5% per annum, and achieves a capital gain of 4%. Assuming the invested unit trust has an Advance Ratio of 70%, a credit facility of USD 280,000 is secured against the unit trust investment pledged (at an interest rate of 3% per annum).

| Without WPL | | With WPL | | | |
|--|-------------------------------------|---|--|---|--|
|  USD 400,000 | | Pledged for WPL |  USD 280,000 | Reinvested into Unit Trust/Bond/ Sukuk |  USD 680,000 |
| Unit Trust Investment | | Credit Facility | | Total Unit Trust Investment | |
| Dividend at 3.5% USD 14,000 | Capital Gain at 4% USD 16,000 | Interest at 3% - USD 8,400 | | Dividend at 3.5% USD 23,800 | Capital Gain at 4% USD 27,200 |
| Total Return = USD 30,000 | | Total Return = USD 51,000 – USD 8,400 = USD 42,600 | | | |

This illustration is not drawn to scale and is only for illustrative purposes. USD is adopted as the drawdown currency for the above illustration.

The above illustration is assuming that the credit facility remained constant over the loan tenure, and capital gain/ loss is realized upon the redemption of unit trust invested.



Capital Losses

However, there are downside risks to Wealth Portfolio Lending. In market downturns, losses could be magnified. Here are some scenarios:

Scenario 1

Annual dividend of 3.5%; capital loss of 4%; interest rate remains unchanged at 3% p.a.

Scenario 2

Annual dividend of 3.5%; capital loss of 4%; interest rate increases to 4% p.a.

| Without WPL | | |
|------------------------------------|------------------------------------|-----------------------------|
| Scenario 1 | | |
| Dividend | Capital Gains/Losses | Total Returns/Losses |
| USD 14,000 +3.5% of USD 400,000 | - USD 16,000 -4% of USD 400,000 | - USD 2,000 |
| Scenario 2 | | |
| Dividend | Capital Gains/Losses | Total Returns/Losses |
| USD 14,000 +3.5% of USD 400,000 | - USD 16,000 -4% of USD 400,000 | - USD 2,000 |

| With WPL | | | |
|------------------------------------|------------------------------------|------------------------------------|-----------------------------|
| Scenario 1 | | | |
| Dividend | Capital Gains/Losses | Interest Cost | Total Returns/Losses |
| USD 23,800 +3.5% of USD 680,000 | - USD 27,200 -4% of USD 680,000 | - USD 8,400 -3% of USD 280,000 | - USD 11,800 |
| Scenario 2 | | | |
| Dividend | Capital Gains/Losses | Interest Cost | Total Returns/Losses |
| USD 23,800 +3.5% of USD 680,000 | - USD 27,200 -4% of USD 680,000 | - USD 11,200 -4% of USD 280,000 | - USD 14,600 |

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