

Key Fact Document (KFD) - Personal Loans
Merchant Bank of Sri Lanka & Finance PLC

1 Introduction

In line with the bank focus on Retail Segment, the MBSL has introduced a personal loan scheme mainly aimed to fulfill urgent financial requirements which add value to employed citizens. This product is offered to the market essentially to attract salaried individuals working for companies with acceptable key performance indicators and employees of state institutions.

2 Objectives

- To develop and maintain a high quality and profitable personal loan portfolio to enhance the bank's personal banking business- armed for future cross selling.
- To provide a high level of customer service by processing applications in an efficient and professional manner.
- To minimize risk exposure on potential fraud by adhering to established guidelines and procedures.

3 Eligibility Criteria

- a. Applicant should be over 21 years and below 55 years.

The following exceptions are allowed beyond 55 years up to 60 years within the normal approval process.

1. State employees who will retire at the age of 60 years can be accommodate up to retirement.
2. The doctors and Sri Lankan Airline pilots' retirement age is 60 years. Hence the loan tenor can be continued up to 60 years.

- b. Be a professional or a permanent employee of a reputed organization (Not a businessperson)
- c. Should have a clear past track record of 2 years
- d. No negative CRIB records of own facilities. (Over 90 DPD during last 12 months and no legal action history within the last 24 months)
- e. Purpose shall not be illegal.
- f. Ability to submit salary undertaking letter from the employer of the customer.

4 Interest Rates & Other Chargers

- 4.1 Interest rates are based on the decision taken by the ALCO committee depending on the asset quality, customer risk profile and market conditions. Interest rate range between 15.00% to 26.00% p.a.

- 4.2 Other chargers

- 4.2.1 Documentation chargers

SLAB	Doc Charges (LKR)	With SSCL (LKR)	2.5% SSCL Component (LKR)
Up to LKR 49,999	4,000	4,102.56	102.56
LKR 50,000 - LKR 99,999	4,500	4,615.38	115.38
LKR 100,000 - LKR 149,999	5,000	5,128.21	128.21
LKR 150,000 - LKR 199,999	5,500	5,641.03	141.03
LKR 200,000 - LKR 249,000	6,000	6,153.85	153.85
LKR 250,000 - LKR 299,999	6,500	6,666.67	156.67
LKR 300,000 - LKR 349,999	7,000	7,179.49	179.49
LKR 350,000 - LKR 399,999	7,500	7,692.31	192.31
LKR 400,000 - LKR 449,999	8,000	8,205.13	205.13
LKR 450,000 - LKR 499,999	8,500	8,717.95	217.95
LKR 500,000 & Above	12,500	12,820.51	320.51

4.2.2 Penalty Interest on non-payment/ delayed payment of the monthly installments (if any).

An overdue interest at Three percent (3%) per month will be charged on the delayed period in the event of installments are unpaid on the due dates.

4.2.3 Early Settlement of facility - In the event of early settlement by borrower, granting concession for the future interest of the facility is at the sole discretion of MBSL.

5 General Requirements Accommodated

Intended purpose of deploying the loan funds should be clearly stated in the loan application which should be within one or many of the following purposes.

- a. House repairs, renovations and adding an extension
- b. Purchase of household furniture, equipment etc.,
- c. Vehicle purchase and repairs
- d. Educational expenses
- e. Purchase of professional tools and equipment
- g. Overseas travel and leisure expenses
- h. Wedding expenses
- i. Redeem Debts
- j. Other Personal requirements

6 Documentation

- b. Dully filled personal loan application
- c. A recent salary slips within the last three months.
- d. Salary confirmation letter from the employer.
- e. Certified NIC copy
- f. Billing proof
- g. Bank statements for the last 3 months.
- h. Proof of the relevant professional bodies

- i. Undertaking letter from employer.

7 Resident Status

The personal loan customer must be a resident of Sri Lanka. No exceptions to be accommodated.

8 Calculation of Income

1. Fixed Income

Monthly basic salary – including COLA and budgetary allowances.

Fixed allowances - Up to 60% of last 3 months average commission income/ service charge/ Overtime.

All fixed allowances can be considered for calculation of DSCR up to 100% other than reimbursement of expenses.

2. Other Income

- All income other than the sources listed above can be considered subject to review of documentary evidence provided by the customer and independent verification.
- All incentives, commissions and overtime will be capped at 2 times of the total of basic salary/ COLA/ BRA.
- The fixed allowances will be assessed for income if it is not in line with the current job function of the applicant. However, if proof is available for crediting such allowances to a bank account, then the amount can be considered as a source of other income.
- e.g. – Sales executive receiving a fixed travelling allowance will not be taken in for the income computation. However, if an accountant receives the same allowance this will be taken into consideration.
- If the customer is in receipt of any other allowances, there must be documentary evidence to support the income stated on the application.
- Any other income i.e. rent, interest, agricultural income to be supported by documentary evidence and will be capped at 50% from employment income.
- If the other income routed through an account maintained with a bank, then 80% of such income can be taken for DSCR calculation.

9 Collateral

1. A letter of undertaking from the employer to remit the installment or salary directly to MBSL.
2. Two personal guarantors
3. Offer Letter
4. Personal loan agreement
5. In case of employees of well reputed institutions and professionals, postdated cheques for the total tenor of the facility shall be obtained in lieu of undertaking from the employer.

10 The Repayment

- a. Fixed monthly installment
- b. Calculated on annuity formula
- c. Maximum term of 84 months (for private employees – 60 months)

11 Security Documentation

The primary document obtained would be

- a. The Offer Letter
- b. Personal Loan Agreement
- c. Personal Guarantee Bond

12 Loans on Combined Income

The bank would consider granting Personal Loan based on combined income of spouse subject to following guidelines.

1. Spouse is a joint borrower and is individually and severally liable for the full loan.
2. If the joint borrower is not from an established institution, he/ she should be working in confirmed capacity.
3. Income of the primary borrowers should meet the minimum income criteria.
4. 50% of net income of the joint borrower to be accounted to determine loan size, repayment capacity etc. However, considered 50% should not exceed primary borrower's income. In case if the joint applicant is from an established company/ government institution 100% of the net income will be considered to determine the maximum loan value.

13 Personal Loan Top-Ups

A personal loan may be topped-up at the request of the customer subject to following guidelines on the existing relationship.

1. Minimum 6 month of disbursement of the existing facility.
2. Never 60 DPD in the last 12 months.
3. Minimum up to 1.30 times DSCR will be considered for a customer.

14 Legal provision applicable

- a) Consumer Credit Act No. 29 of 1982
- b) Contract Law
- c) Civil & Criminal Law of Sri Lanka

15 Complaint handling procedure

Customers can lodge complaints with regard to our products or services by either;

- a) Visit to the nearest branch and make the complaint to the Branch Manager.
- b) Call & Lodge a complaint through our customer care hotline 011 - 4 711 711 **OR** via E-mail – info@mbslbank.com / customercare@mbslbank.com
- c) By post - make a **complaint in writing** to the;
AGM Marketing & Product Management
Merchant Bank of Sri Lanka & Finance PLC
No.28, BOC Merchant Tower
St. Michael's Road
Colombo 03.

15 Main terms and conditions

- a) Loan is repayable on demand without previous notice to the applicant or at any time as required by the Bank.
- b) The applicant undertakes to keep the MBSL informed of any change/status in his/her current employment.
- c) The officers of MBSL are authorized to visit the applicant's place of employment or residence for the purpose of recover of dues such visiting charges should be borne by the applicant.