

Key Fact Document (KFD)

Personal Loans

Merchant Bank of Sri Lanka & Finance PLC

01. 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.

02. 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.

03. 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 business person).
- c) The sources of income must be verified with acceptable proof documents.
- d) Cross boarder facilities (exceeding branch territory or district) will not be accommodated unless otherwise there is a valid reason for same. Branch need to identify customers living area and routed through the correct branch as there are island-wide branches.
- e) All existing facilities obtained from MBSL by the client / group of customers (reputed private banks / financial institutions and private establishments' employees) shall be below 60 days arrears within the immediate past 12 months.
- f) There should not be any Legal / Terminated or Write off facilities listed in applicant's CRIB (including other Banks & Financial Institutions) at any given time as applicant or guarantor.
- g) Mortgage reducing policy.

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04. 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 18.00% to 25.00% p.a.

4.2 Other chargers

4.2.1 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.

4.2.2 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.

4.2.3 Processing fee / Documentation fees

Facility amount-LKR	Fee –LKR
Up to LKR. 500,000/-	LKR. 7,500/-
LKR. 500,000/- upto LKR. 1,000,000/-	LKR. 10,000/-
Above LKR. 1,000,000/-	Minimum fess LKR. 15,000/- or 1% of the facility value whichever is higher

4.2.4 Other Charges

No.	Description of Charge / Fee	Charges / Fees (LKR)
1	Balance Confirmation	1,000.00
2	Certify copy of Deed & Plan	750.00
3	No arrears letters	250.00
4	Customer repayment History	250.00
5	Duplicate Deletion letters - all vehicle categories	2,000.00
6	No objection letters	1,000.00
7	Settlement letters	750.00
8	Invoice to lenders / Buyers	1,500.00
9	Cheque Return Charges	2,500.00
10	Cheque Returns - Payments stop by the drawer	5,000.00
11	Legal fees for preparation and execution of Deed of release (misplaced)	7,500.00

05. 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.,

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- c) Vehicle purchase and repairs
- d) Educational expenses
- e) Purchase of professional tools and equipment
- f) Overseas travel and leisure expenses
- g) Wedding expenses
- h) Redeem Debts
- i) Other Personal requirements

06. Documentation

- a) Dully filled personal loan application
- b) Salary slips within the last three (03) months.
- c) Salary confirmation letter from the employer.
- d) Certified NIC copy
- e) Valid billing proof (within last 06 months)
- f) Bank statements for the last three (03) months.
- g) Proof of the relevant professional bodies
- h) Salary remittance undertaking letter from employer.
- i) CRIB report (Personal & business if any)

07. Resident Status

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

08. Calculation of Income

Fixed Income

Monthly basic salary, cost of living allowances and Fixed allowances.

09. Collateral

1. A letter of undertaking from the employer to remit the installment or salary directly to MBSL.
2. Two (02) personal guarantors
3. Offer Letter
4. Personal loan agreement

10. The Repayment

- a) Fixed monthly installment
- b) Maximum term
 - for Government employees - 84 months
 - for Private company - 60 months

11. Security Documentation

The primary document obtained would be

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

12. 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 06 month of disbursement of the existing facility.
- 2. Never 60 DPD in the last 12 months.
- 3. Debt Service Cover – 2.0 timers or more

13. Legal provision applicable

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

14. 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.

15. Complaint Handling Procedure

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

- 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;

Complaint Handling Officer (Acting),

Merchant Bank of Sri Lanka & Finance PLC

No.28, BOC Merchant Tower

St. Michael's Road, Colombo 03.