

Key Fact Document

LEASE FACILITY



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Description of the product

'Financial Leasing' is a contractual agreement, governed by the Finance Leasing Act – No 56 of 2000, granting the use of an asset for a specified period in exchange for a series of agreed payments.

The **Bank (Lessor)** retains the Absolute Ownership of the Asset while the **Borrower (Lessee)** is the Registered Owner having the use of the asset.

HNB has over the time established a vibrant portfolio, which has helped the Bank stand out among all private banks as the single largest player in the leasing sector with a market share of 30%. HNB Leasing has over many years established an increasingly stronger, sizeable volume on business and revenue.

1. Eligibility

- Sri Lankan National Residing in Sri Lanka
- Age 18 – 70 years
- No negative CRIB records
- Not a "Black-listed" Customer of HNB
- Minimum income requirements per month

2. Customer Categorization:

Corporate, Emerging Corporate, IBU, DBU/FCBU, SME, Retail and Micro Finance

3. What could be leased:

Vehicles (Cars, SUV, Commercial Vehicles – Lorries & Buses), Agriculture (Tractors/Harvesters etc.) Equipment/Machinery.

4. Leasing Structure

Maximum amount that can be advanced against a particular asset is limited in order to accommodate a provision for the fluctuation of asset values in the secondary market and also to increase the commitment from the customer. These limits are decided on the below key factors.

They are:

- Asset Type (Cars, Dual Purpose Vehicles, Commercial Vehicles, Equipment, or Machinery)
- Country of Origin to be acceptable to the Bank
- Status of the Asset (Brand New, Reconditioned/Unregistered or Registered/Pre-owned)
- Asset Tenor and Exposure for unregistered/ brand new vehicles
- Tenor - Min 1-year Max 7 years
- Exposure - According to CBSL LTV guidelines
- Asset Tenor and Exposure for registered vehicles based on the Year of Registration (YOR) and tenor for Registered Pre-Owned Vehicles
- Valuation reports to be obtained from a Panel Valuer acceptable to the Bank (validity 3 months)

5. Payment structure

- Lease payments can be repaid by various schemes available other than monthly payments such as "**Structured Leases**"
- Step Up lease – Consists of increasingly larger lease payments during the lease term.
- Step Down lease – Consists of decreasing or declining lease payments over the term of the lease

6. Target segment:

A lease can be granted either in the name of an individual or a business entity for the following customer segments listed below.

- SMEs
- Personal Financial Services (PFS)
- Corporate Banking
- Micro Finance
- Mid-Market Corporates

7. Repayment Terms

1 year -7 years (84 months)

Financial and other benefits to customers including incentive and promotions

- Competitive interest rates
- Pre-approved credit card with an attractive limit
- Insurance benefits
- Special benefits /discounts /offers from suppliers
- Flexible repayment

Cost to Customers –

- Fees/charges, commission, interest, etc.
- Penal interest on overdue rentals
- Standard documentation charges
- Valuation charges (if applicable)
- Stamp Duty (if applicable)
- Insurance Premium

Procedure to be followed to obtain the product/delivery channel

- Visit the closest branch (250+ island wide)
- Obtaining, completing and forwarding an application with required documents. (All the Branches island wide)
- Salary confirmations/Income proof/Employer Confirmation
- Insurance Policy (if applicable and to be renewed annually)

Key Terms & Conditions

- Duration of employment to be at a minimum of 12 months in the current confirmed employment status for salaried customer category and professional segment.
- Business Clients -Having commercial operations for a period of more than one year
- A letter of undertaking from the employer to route the salary to an account maintain at HNB or Standing Order instructions along with undertaking from the customer that he/she will not change same within the tenure of the facility
- Acceptable CRIB Report
- Total deductions including instalments of the proposed lease, together with the existing liabilities/commitments to be within 60% of the net salary.
- Repayment up to the retirement age for salaried borrowers and up to the 70th birthday for Business Clients.

Security Details

- Absolute ownership of the asset Leased (Vehicles)
- Personal Guarantors (Vehicles /Machinery/Equipment)
- Mortgage over immovable property/any other additional security to be decided by the approving authority based on the customer profile (Machinery/equipment)

General Terms & Conditions link given below:

<https://www.hnb.net/terms-conditions>

For more information - 0112 462 462/ hnbconnect@hnb.lk

Complaint handling procedure

The contact number is 0112661963

Email address – customer.experience@hnb.lk

Link :- hnb.net/feedback

