

Key Fact Document - SME

Small and Medium Enterprises loans

Description of the product/ delivery channel

Small and Medium enterprise loans are given for customers who are engaged in SME business. This loan is granted to meet the capital expenditure and for working capital requirements of the businesses such as trading, manufacturing, Imports/Exports etc. This loan could be obtained at any of the branches of HNB. Loans would be considered on the strength of the business and its repayment ability.

- **Eligibility**
 - Customer should have a registered business and carrying on business at the time of the request of the loan.
 - Loans would be considered only for the business purpose.
 - Loans could be obtained from any of the closest branches of the business place.
- **Loan Amount:** Maximum Rs.250Mn. Any amount above this limit would be handled at Emerging Corporate or Corporate banking unit of the bank.
- **Interest Rates** - Please refer the HNB Web site - (www.hnb.net) → Loans → SME → View Interest Rates
- **Repayment Terms**
 - Grace period will be considered on need basis.
 - Capital Expenditure loans would be considered maximum up to 8 years and Working capital loans would be considered for a maximum period of 4 years. Any request above this period would be considered on exceptional basis.
 - Repayment period of the loans are decided looking at the cash flows of the business and the working capital cycle. Repayments terms could be monthly, quarterly or Half yearly depending on the repayment capacity and the purpose of the loan.
- **Acceptable securities**
 - Mortgage over free hold properties and lease hold properties/vehicles/machineries/stock in trade acceptable to the bank.
 - Personal/Corporate Guarantees/bank Guarantees acceptable to the bank.
 - Bank Deposits/Company shares etc.
 - Postdated cheques/Life Insurance policies

Bank will decide the type of the security and security margin depending on the Loan amount, loan repayment period, purpose, risk involved etc.

Financial and other benefits to customers including incentive and promotions

- Competitive interest rates
- Capital grace period depending on the project.
- Opportunity to access to Export Market and other value additions through HNB's partner companies.
- Free Key Person Insurance Cover
- Other financial products such as trade facilities, deposits, insurance and capital market products through the Bank and its subsidiary/ associate companies

Cost to Customers – Fees/charges, commission, interest, etc.

- Fixed/Floating interest rates and combined fixed cum floating rates
- Penal interest on overdue capital

- Penalty on overdue instalments
- Standard documentation charges
- Valuation charges (if applicable)
- Legal charges (if applicable)
- Stamp Duty (if applicable)
- Standard early settlement charges/Interest reduction charges
- Insurance Premium (if applicable)

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)
- Income proof such as Audited financials, Management accounts etc. to be submitted.
- Title Insurance (if required).

Key Terms & Conditions

- Loan Protection Cover to be obtained. (if applicable as per the Bank policy guideline)
- Insurance Policy to be obtained on business assets and be assigned to the bank. (if applicable and to be renewed annually)
- Acceptable CRIB Report

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