

Key Facts Statement (KFS)

Commercial Term Loan Retail (Conventional)



This document reflects product-specific Terms and Conditions governing HNW Individual Commercial Term Loan Retail (“Loan”) in addition to Al Masraf (Bank) General Terms and Conditions for Customers.

The Key Facts Statement highlights important information about conventional HNW Individual Commercial Term Loan Retail such as the interest rate, installment amount and provides you with the total amount to be pay back over the life of the loan

Eligibility

- High net worth UAE National & selected Expats as per Banks’ policy
- Minimum age 21 years old and maximum 70 years at the time of maturity
- Min annual income of AED 2 Million and the source of income can be from
 - Rental Income
 - Income from Investment
 - Income/Profits from Business
- And Customer net worth to be a minimum of AED 15mn
- Source of Repayment: Total EMIs should not exceed 50% of the source of repayment

Features & Benefits

- Offering Loan up to 72 months or Overdraft for 1 year & renewal on yearly basis
- Loan amount up to AED 15 million

Additional notes and Frequently Asked Questions

1. **Securities:**

The Loan is fully secure against with at 130% of collateral. The following collateral can be considered by the Bank

- Ready Property
- Lien on Deposit with Al Masraf
- Listed Equity Shares (under exceptional circumstances as per Banks policy)

2. **Account with Al Masraf:** Al Masraf to be the primary bank and income of the customer3. **Monthly Installment:**

- You will pay Principle + Interest (as per Bank's prevailing rate) to the Bank on monthly basis. After the Fixed Interest Rate, the Monthly Installment calculated on EIBOR + Bank's Margin (Min Floor Rate). Based on the EIBOR revision period, the future installment may increase/ decrease from time to time.
- You are required to pay the Monthly Installment on due date to the Bank as per the repayment frequency.
- In case due to higher Interest rate, you are not able to pay the installment on due date to the Bank, you should visit the Branch or meet your Relationship Manager and explain the reason and rationale and place a request for Bank's review and approval to reschedule the installment, if eligible.

Example:

Loan amount (Principal)	: AED 2,000,000
Loan duration (Tenor)	: 300 months
Minimum Interest Rate (Rate)	: 3.75% per annum
Interest Rate Formula	: $\text{Rate} * (1 + \text{Rate})^{\text{Tenor}} / ((1 + \text{Rate})^{\text{Tenor}} - 1)$
Thus your Monthly Installment for Month 1 would be	: AED 10,282.62/-

Principal Amount	Tenor	Interest Rate 3.75% per annum	Monthly Installment for 1 st month
2,000,000	300	$0.0031 * 2.550 / 1.5499$ =0.00514 per month	$2,000,000 * 0.00515$ = AED 10,282.62

Note:

After 1st installment, the Monthly Installment will be calculate based on the Principle outstanding amount.

If any past due is being created for any loan, then that particular amount will be pared overdue bucket and subsequently will be calculated based DPP overdue logic

Warning: These figures are estimates/ examples only.

4. **Evaluation Fee**

Customer to pay the evaluation fee as maybe applicable on a case to case basis to cover the cost of appraisal of the collateral done by one of the approved evaluator with the Bank. The Evaluation Fee may vary depending upon the location / Emirate, type and numbers of the collateral.

5. **Maximum Loan Amount:**

The Maximum amount you can borrow with a Loan depends on your income, expenses, liabilities etc. Bank will considers all your expenses and liabilities to make sure you can make repayments on the Loan without placing yourself under financial stress. Loan cannot exceed AED 15mn.



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6. Life Insurance:

- You are required to choose the Life Insurance from one of the three approved Insurance provider selected by the Bank for the entire Loan Tenor and it will be assigned to Arab Bank for Investment Foreign Trade (Al Masraf).
- The Life Insurance should cover your Loan outstanding in the event of the death due to any reason, terminal illness and permanent total disability to mitigate the risk associated with the life.
- The Life Insurance premium calculated on the Loan outstanding amount i.e. $\text{Monthly Premium} = \text{Loan outstanding amount} \times \text{Life Insurance rate} \%$
- The Life Insurance premium may not be fixed amount as it calculates on the Loan outstanding and paid on monthly basis to the Bank. The Bank will deduct this amount along with the Loan Monthly Installment from the Customer's account.
- The Life Insurance premium may increase or decrease during the Loan tenor based on the Insurance provider rate
- The Life Insurance coverage should be in place prior to acceptance of the offer and disbursement of Loan by the Bank.
- Non-payment of Life Insurance payments shall be consider as an event of default under the facilities.

7. Property Insurance (In case the collateral is a commercial building or residence villa/apartment):

- You are require to choose Property Insurance from one of the three approved Insurance provider selected by the Bank for the property for the entire Loan Tenor and it will be assigned to Arab Bank for Investment Foreign Trade (Al Masraf).
- The Property Insurance should cover the risk associated with the property i.e. fire and major maintenance including Total Loss and Partial Loss.
- The Property Insurance premium calculated on the property value i.e. $\text{Annual Premium} = \text{Property Value} \times \text{Property Insurance rate} \%$
- The Property Insurance premium will be deduct on annual basis through direct debit from your bank account with Bank.
- The Property Insurance premium may increase or decrease during the Loan Tenor based on the Insurance provider rate
- The Property Insurance coverage should be in place prior to acceptance of the offer and disbursement of Loan by Bank.
- Non-payment of Property Insurance payments shall be consider as an event of default under the facilities.

8. Collateral mortgaged to the Bank:

The collateral will be mortgaged to the Bank until the principal, accrued Interest, fees and charges are fully paid to the Bank. The mortgage is a security on the Loan, which means you cannot sell or transfer the property/ shares or mortgage to any third parties or withdraw the cash (in case lien on deposit) until the full and final payment of the Loan outstanding.

Warning:

9. Installment not paid on time:

You shall pay the monthly installment on due date and if you fails to pay the monthly installment your account will go into arrears. This may affect your credit rating, which may limit your ability to access financing in the future. Further, if you fail to pay three consecutive installments, the Loan Agreement shall be terminated and the remaining installments shall become payable within a period of 15 days of receiving a written notice from the Bank, and the Bank shall have the right to take applicable legal action against you that includes the sale of mortgaged property, and therefore, you may lose your property.

10. HNW Individual Commercial Term Loan Retail Reschedule

Customer must inform the Bank in case your monthly income is reduced due to any reason such as (loss of income from investment and/or business or rental property etc. Al Masraf will assist you to reschedule the existing Commercial Term Loan Retail for applicable tenor to maintain your monthly expenses vs income.

Warning:

11. Delay penalty:

Bank is entitled to charge delay penalty fee (as per Bank's Schedule of Fees & Charges available on www.Almasraf.ae) from the due Monthly Installment after the lapse of the payment due date or Monthly Installment date on Loan, on monthly basis until all payments due or installments are paid.

12. Modification to Collaterals:

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The Customer is not permitted to make any modifications, additions, improvements, substitutions or alterations to the Collaterals without the prior written approval of the Bank. If approved by the Bank, such modifications shall be at the expense of the Customer.

13. Schedule of Fees:

This Loan is governed by Schedule of Fees and Charges. In the event any of these fees are due to be paid, such fees should be paid by the customer

- Al Masraf publishes its Retail Banking Schedule of Fees & Charges in line with its commitment to a transparent Customer relationship ([please visit www.almasraf.ae](http://www.almasraf.ae) for Retail Banking Schedule of Fees & Charges)
- Customers are strongly encouraged to write to us at info@almasraf.ae in case of more clarity is required on any fees charged to the account.

14. Partial Settlement:

The Bank will allow partial settlement during the Loan term and you will be required to pay the applicable partial settlement fees as mentioned in the Schedule of Fees & Charges, which is published on Al Masraf website (www.almasraf.ae). You will have the following options

- a) Pay same Monthly Installment and reduce the tenor OR
- b) Decrease your Monthly Installment and maintain the same Tenor

15. Deferment or Postponement

Deferment is the delay or suspension of Monthly Installment. You are required to submit the request at our Branch and mention the reason for deferment and pay the applicable fees mentioned on our website (www.almasraf.ae). The Bank will assess your request based on the eligibility and policy and accordingly defer the installment as per your request

Warning:

In the event of deferment, the Loan maturity period will be increased by the number of deferments availed by you during the Loan term.

16. HNW Individual Commercial Term Loan Retail closure

You can request to close the facility by signing and submitting the Early Settlement Form by visiting any of Al Masraf Branches. The applicable Early Settlement Fee ([please visit www.almasraf.ae](http://www.almasraf.ae) for Schedule of Fees & Charges) will be charged on the loan outstanding amount.

17. Early Settlement Amount:

The early settlement amount is being calculated as follows:

- a. Outstanding of Principle amount;
- b. Accrued and unpaid Variable amount;
- c. Any amount representing the costs of insurance (including any insurance undertaken on behalf of the Customer) and Taxes incurred by the Bank during the relevant Tenor;
- d. Early settlement fee as per applicable Schedule of fees of the Bank mentioned on almasraf.ae;

Example:

Outstanding Principal Amount	:	AED 96,660.50
Interest Amount	:	AED 193.32
Early Settlement Fee ("ESF")	:	AED 966.61
VAT on ESF	:	AED 48.33
Early Settlement Amount	:	AED 97,868.76

Warning: These figures are estimates/ examples only and the Interest Amount may vary depending on the settlement date

