

UNSECURED PERSONAL LOAN PACKAGE(NEW EMPLOYEES)

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| 1. Sector coverage: | Personal purposes fund for birthdays, marriage, deaths, kateirake - aoraki n aine, refinance, personal transports (saloon cars, motorbike, pushbike), entertainment (video, home theatre, etc), home furniture, computer sets and internet connections, mechanical & carpentry tools, and other personal items & equipment. |
| 2. Eligibility: | New employees of Government ministries with sufficient regular and consistent income stream but does not have adequate KPF at the time of application. |
| 3. Repayment cycle: | Fortnightly |
| 4. Maximum Loan: | \$50,000 on application |
| 5. Loan Extensions: | Extension is allowed when loan balance at the time of application has reached 75% or less of the total outstanding loan balance whence the previous loan was made and provided extension amount not exceeding the value of KPF already pledged as in Loan Agreement, and not to violate credit risks assessment results. |
| 6. Equity Contribution/deposit: | None |
| 7. Refinance: | Allowed |
| 8. Maximum loan term: | Assessed on retirement age and strength of net salary, and subject to the following – 18 months for loans up to \$2k 24 months for loans of over \$2k up to \$5k 36 months for loans of over \$5k up to \$10k 3-5 years for loans of over \$10k up to \$30k 5 years for loans of over \$30k up to \$50k |
| 9. Grace Period: | None |
| 10. Security: | 100% coverage from KPF Pledge of borrower and KPF Pledge of guarantor, and collaterals |
| 11. Repayment: | Effective upon disbursement |
| 12. Insurance: | Not necessary |
| 13. Disbursement: | To borrower |
| 14. Approval Authority: | ACEO for loans up to \$5k CEO for loans of over \$5k up to \$10k EXCOM for loans over \$10k up to \$50k |

| Appraisal Requirements | | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Criteria | Details | Documents |
| 15. Borrower's integrity | Identification | Birth Certificate, KPF ID Card |
| | Member of KPF | KPF Statement shows that 70% of KPF is unpledged. |
| | Permanent Employee | Confirmation letter from PSO, etc |
| | Repay-ability | Payslip and Payslip letter from Ministry of Finance, etc. Net salary meets salary assignment requirement |
| 16. Salary assignment | Credit checking – KHC, BOK | Statement |
| | Commitment ratio | Personal & salary details form, S/slip |
| | <u>South Tarawa loans:</u> Net salary minus fortnight SD should not be less than \$40 per fortnight | |
| | <u>Outer Island loans:</u> Net salary minus fortnight SD should not be less than \$20 per fortnight. | |
| Salary deduction & remittance | <ul style="list-style-type: none"> ▪ Salary processing point (OI/ST) ▪ Employer's undertaking re SD | |

| Interest Rates | | |
|-----------------------|---------------------------------------|-------------------------------------------|
| 11% | For loans below \$5k | Unsecured Personal Loans |
| 13% | For loans above \$5k and below \$10k | Unsecured Personal Loans. |
| 13% | For loans above \$10k and below \$20k | Loans to be considered by EXCOM and Board |
| 13.5% | For loans above \$20k | Loans to be considered by EXCOM and Board |

| FEE | DETAILS | PURPOSE |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Application fee | \$20 upfront | Defraying loan processing costs |
| Establishment fee | <\$5k – 1.5% of loan >\$5k – 2.5% of loan >\$10k – 3.5% of loan >\$50k – 5% of loan | <ul style="list-style-type: none"> ▪ Stationery, printing and photocopying for loan application, supporting documents and legal documentation ▪ Staff time (Loan officers, senior lending staff, Management approval and execution) |
| Loan extension fee | Fee to be paid upfront Correspond to (Outstanding loan balance). (1-500) - \$20 (501-1000) - \$25 (1001-2000) - \$30 (2001-3000) - \$35 (3001-4000) - \$40 (4001-5000) - \$45 (5001-6000) - \$50 (6001-7000) - \$55 (7001-8000) - \$60 (8001+) - \$100 | <ul style="list-style-type: none"> ▪ Application fee for loan extension |
| Loan administration fee | \$5 per month | <ul style="list-style-type: none"> ▪ Administration service fee |
| Registration fee | \$20.00 | <ul style="list-style-type: none"> ▪ Registration costs charged by high court |
| KPF Pledge fee | \$20.00 | <ul style="list-style-type: none"> ▪ KPF pledge fee charged by KPF ▪ To cater for early release of KPF pledge prior settlement of loan |
| Arrears fee | 5% of arrears but not more than \$20 | <ul style="list-style-type: none"> ▪ Cost of staff time in doing additional jobs because of defaulting repayment |
| Statement fee | \$2.00 per statement | <ul style="list-style-type: none"> ▪ Cost of statements issued |
| Legal document and release letter fees | \$5.00 per copy | <ul style="list-style-type: none"> ▪ Cost for additional legal documents issued |
| Closing fee | \$100 per account closed | <ul style="list-style-type: none"> ▪ Cost for closing account |
| Refinancing fee | 5% of loan outstanding refinanced | <ul style="list-style-type: none"> ▪ Cost for refinancing loans |