

1.0 SLSB LEASING

SLSB Bank is an independent lessor caring on finance leasing business under the authority of a certificate of registration issued in that be half for a prescribed annual subscription . The bank provides presently ,only finance lease facilities inclusive of “Sale & Lease back “ arrangement.

2.1 Categories of Lessees

- ❖ Corporate enterprises
- ❖ Small & Medium enterprises
- ❖ Micro enterprises
- ❖ Sole Proprietorships – Partnerships – Private Liability Companies
- ❖ People’s Companies ,Cooperative Societies
- ❖ Individuals etc.....

2.2 General eligibility criteria for lessees

- ❖ Should be a registered cooperate business entity / Professional / Person operating a registered Business
- ❖ Should open and operate a saving account with SLSB bank
- ❖ Should not be a defaulter of previous financial facilities Obtaining from any Lending Institutions.
- ❖ Should have a sufficient positive cash flow to pay the lease rentals
- ❖ The individual / Proprietor / Partner / Share Holder / Director Should
 - Be a citizen of Sri Lanka
 - Be in the 18 to 55 age group (Majority of the Members)In a case of Company upper age limit is not applicable to the shear holders and Directors.
 - If it is enterprise should have prior experience or knowledge in the related enterprise acceptable to the Bank

2.3 Leasing Purposes

The Bank will provide leasing facilities to cooperate business entities professionals and Individuals to acquire equipments for income earning or cost saving activities ,provided the resultant income / savings would have satisfactory debt saving capacity to pay the monthly rentals.

2.4 Equipment to be leased

- Plant & Machinery
- Vehicles
- Equipments

Bank will generally provide leasing facilities to acquire brand new machineries vehicles and other equipments. However reconditioned and used items may be considered subject to -

- A. Remaining economic period of the assets being more than the lease period
- B. Satisfactory condition and valuation reports from the certified technicians acceptable to the bank in the respective fields. And such reports should not be dated more than 30 days prior to the grant of facility.

C. For vehicles further conditions are applied

The bank will advise to its staff the types of assets that could be leased under its leasing schemes, from time to time, by special circulars.

2.5 Maximum Amount of lease capital

The maximum quantum of the total lease capital to a lessee will be decided by the bank from time to time, and the current quantum is Rs 50.0 million.

2.6 Advance payment by lessee

Lessee should make the following cash payments towards the lease facility prior to grant the facility.

❖ Advance / Lump sum rental

This amount will be decided by the Bank based on the RISKS associate with the lessee and the assets to be leased and the lease period. However minimum amount of advance / lump sum rentals payable by the lessee would be 10% of the invoice value of the asset to be leased.

❖ Other Expenses

Other expenses such as stamp duty if any, insurance charges etc. also should be borne by the lessee.

2.7 Rate of Interest

The rate of interest applicable will be the listed rate by the Bank as decided by the Assets & Liability committee (ALCO) based on various factors governing the interest rates. Bank will advise the applicable interest rates to the staff by special circulars from time to time. Penal will be charged for the default until the termination of the lease agreement installments and the penal percentage will be decided from time to time by the ALCO.

2.8 Lease period

Minimum lease period will be one year and should be limited to the economic life period of the asset / cash flow generation. The maximum period should be limited to -

- ✚ 5 years for brand new machinery and new road vehicle
- ✚ 4 years for reconditioned machinery and unregistered road vehicle
- ✚ 3 years for used machinery and registered road vehicle
- ✚ 2 years for brand new electronic office equipment viz : computers, photo copiers

(Reconditioned and used office equipment will not be considered for lease)

Bank periodically analyze the business and economic environment of the country and decides the types of asset to be leased and the period of lease and will advise the staff by special circulars.

2.9 Security

- Lease agreement and the absolute ownership of the leased asset in the name of the bank (Compulsory)
- Any other acceptable securities ,such as acceptable guarantors(self employers, tax payers, government officers, and professionals. - Depend on the amount of the lease) ,cash deposits by the way of fixed / savings , NRFC , RFC , deposits at the SLSB and other banks with due registration and acceptance of our right to claim from those banks , mortgage of movables / immovable etc .
- The machinery , equipment presently owned by the customer may be obtained as security by transferring the absolute ownership of these machineries and equipments to the bank through a “ sale and lease back “ arrangement.