

AMENDMENT
NOTICE TO BANKS
EFFECTIVE DATE 9 NOVEMBER 2017

NOTICE NO. BS/N-2/2015/31 – AMENDMENT NO. 2
UNSECURED PERSONAL CREDIT FACILITY

1. INTRODUCTION

- 1.1 This Notice is issued pursuant to section 66 of the Banking Order, 2006 and shall apply to all banks in Brunei Darussalam.
- 1.2 This Notice shall take effect on 8th June 2015.
- 1.3 This Notice shall only apply to credit facilities granted to natural persons.

2. DEFINITIONS

- 2.1 For the purposes of this Notice-

“**CBAMBD**” means the Credit Bureau established under section 42A of the Autoriti Monetari Brunei Darussalam Order, 2010;

“**Customer**” means a borrower of a bank;

“**Revolving Facility(ies)**” means a non-card credit facility(ies) that may be drawn down and repaid at any time and from time to time, in any amount, subject to an approved limit;

“**Unsecured Personal Credit Facility(ies)**” means an unsecured non-card credit facility(ies) extended for personal purposes which is not collateralized by a lien on specific assets of the Customer and which may or may not be salary assigned.

3. BANK'S LIMIT ON PERSONAL CREDIT PORTFOLIO

3.1 Bank's Personal Credit Portfolio shall not exceed 60% of total credit facilities at any given time.

[Amendment No. 2 dated 1 November 2017]

3.2 For the purpose of this paragraph 3, Personal Credit Portfolio shall be defined as all secured and unsecured credit facilities extended to natural persons, for personal purposes.

4. CRITERIA FOR GRANTING UNSECURED PERSONAL CREDIT FACILITY

4.1 Banks may grant an Unsecured Personal Credit Facility to a Customer with a maximum entitlement not exceeding 18 times of the Customer's Net Monthly Income, in either one of the following facility:-

4.1.1 Fixed Term Facility:

(a) The maximum repayment tenor shall not exceed 6 years;

4.1.2 Revolving Facility:

(a) Minimum monthly repayment shall not be less than 2% of the outstanding balance. Outstanding balance for the purposes of this paragraph shall be defined as the total amount due to the bank including interest charges and any fees incurred from the facility;

(b) Banks shall establish internal policies which on a minimum includes the following:-

i. Annual review on Customer to ascertain whether a facility may be renewed;

ii. Expiry of the facility to minimise any potential risks, including to ensure reasonable and adequate time to settle debt obligation.

4.2 Banks shall conform to the latest version of AMBD's Notice on Total Debt Service Ratio (TDSR).

[Amendment No. 2 dated 9 November 2017]

4.3 Banks may allow an application from the Customers to top-up or restructure their Unsecured Personal Credit Facility only after 50% of the original credit facility's tenor has lapsed, subject to a maximum of 2 top-ups or restructuring during the tenor of the credit facility. This application is subject to the Customer's repayment history of all active outstanding credit facilities derived from the Customer's credit information report obtained from CBAMBD, as follows:

4.3.1 no monthly missed repayment for any four months, in the preceding 12 months, from the date of application; or

4.3.2 no monthly missed repayment for any two consecutive months, in the preceding 12 months, from the date of application.

[Amendment No.1 dated 28 October 2015]

Notwithstanding paragraph 4.3, banks may impose a stricter criteria on the Customer's repayment history. Banks are obligated to make extensive and accurate verification on the Customers' repayment history of all active outstanding credit facilities.

4.4 For the purpose of this paragraph 4, the Net Monthly Income of a Customer shall be determined as the Gross Monthly Income less the following:-

4.4.1 The Customer's contribution to any employee provident / pension fund (such as Tabung Amanah Pekerja (TAP) and Supplemental Contributory Pensions (SCP) Scheme); and

4.4.2 Any other obligations that are deducted from the Customer's salary slip, including:-

- (a) Government Loan;
- (b) Government Housing Repayment Scheme;
- (c) Company Loan; and
- (d) Memberships.

4.5 In determining the Gross Monthly Income of a Customer, the following may be aggregated:-

4.5.1 Fixed basic monthly income;

4.5.2 Fixed monthly allowances;

4.5.3 Monthly pension received by a pensioner and credited to the Customer's account;

4.5.4 50% of the average of monthly variable income (such as commission, bonus or allowance from the Customer's employer) credited to the customer's account earned in the preceding 12 months;

[Amendment No.1 dated 28 October 2015]

4.5.5 70% of the average monthly rental income from properties credited into the customer's account in the preceding 12 months and supported by a valid tenancy agreement signed by both the customer (as the landlord) and the party to whom he has leased the property. For this purpose, banks are required to set their own internal standards and policies to ensure such rental income is dependable and verifiable; and

[Amendment No.1 dated 28 October 2015]

4.5.6 70% of the average monthly income (for sole proprietors) credited into the customer's account in the preceding 12 months. For this purpose, a bank is required to set its own internal standards and policies to ensure such income is dependable and sustainable.

4.6 The following income shall not be considered in determining the Gross Monthly Income of a Customer:-

4.6.1 Deleted

[Amendment No.1 dated 28 October 2015]

4.6.2 Old age pension.

4.7 Paragraphs 4.1 and 4.3 above may not apply to Unsecured Personal Credit Facility concerning Education loan and Home Improvement/Renovation loan.

5. INSURANCE/TAKAFUL COVERAGE

5.1 Banks shall require Customers to purchase an appropriate insurance policy/takaful certificate for every new and restructured (top-up) Unsecured Personal Credit Facility which provides protection to the Customers in the event of death and/or total permanent disability during the validity of the Unsecured Personal Credit Facility.

6. PROVISIONS REPEALED

- 6.1 The provisions of any notices, directives and other policy documents issued prior to this Notice and which are inconsistent with it are hereby repealed.

**MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM**

Date: Safar 1439 / November 2017