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วาระที่..... 27

การประชุมครั้งที่..... 79 / 2555

September 2012

Ref: CP 96/2012

From: Credit Product Department

Via: 1. Khun Chulida Tanpetcharat, Senior Vice President, Head of SME Product and Business Development Division

2. Khun Yuke Sutarat, Executive Vice President, SME Credit Risk Division

To: Credit Committee

Subject: Approval for insurance premium top up for SME-S, M

Background

- Mortgage Reducing Term Assurance (MRTA) is a reducing term life assurance that provides borrowers with financial protection in the event of death or total permanent disability. Fire insurance is the insurance that is used to cover damage to a property caused by fire.
- Both MRTA and fire insurance are benefit to bank, given that the bank is a beneficiary. MRTA mitigates risk to bank in case key persons running the business are dead or permanent disability. Fire insurance protects bank's collateral value in case of fire.
- In this regard, providing top up loans for MRTA and fire insurance reduces overall Bank's risk.

Purpose of the request

1. Approval for insurance premium top up guideline
2. Approval for using the existing DOA to approve top up MRTA loan

Proposed guideline for insurance premium top up

1. Insurance premium type allowed for top up:
 - MRTA
 - Fire insurance
2. Target customer:
 - Any customers requesting new credits.

Note: Both credit with TCG and normal credits (without TCG) are allowed for top up.

3. Financing Conditions:

- The premium shall be financed in form of TL in additional to credit limit approved.
- The premium shall be repaid in installments together with TL limit approved.
- Disbursement of premium portion must be paid directly to the insurance company.
- Top up of the MRTA should be financed and covered for key persons relating to business.
- Maximum top up of premium is 5% of credit limit approved or 500,000 baht (per group of customer)
- Impact on DSCR is very low, so we do not recalculate the DSCR after including the premium loan.

Note: Impact to DSCR

- The maximum impact to DSCR after topping up TL premium is minimal. DSCR is estimated to slightly decrease from 1.2X to 1.16X.
- Detail of the analysis as per appendix 2.



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Approve for insurance premium top
up for SME-S.M.

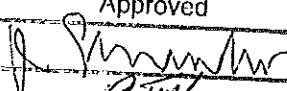

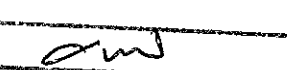
มติที่ประชุมคณะกรรมการพิจารณาสินเชื่อ

ครั้งที่ ๗๖ / ๒๕๕๖

มติที่ประชุมคณะกรรมการพิจารณาสินเชื่อ

ประชุมที่โรงแรมรอยัล ดาต้าโฮเทล
และโรงแรมรอยัล RM 11A Shadow ใน
อาคารพาณิชย์

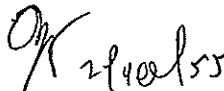
Date of Meeting 1 OCT 2012

Committees	Signature	
	Approved	Rejected
1.CRO		
2.HCOB		
3.HSME		
4.Mr.Nuttawit		
5.Miss Maleewan		

Comments:

เรียน ... (นาย ...)

เพื่อโปรดทราบและดำเนินการต่อไป


(นายคมฤช จันทาโก)
เลขาธิการ
คณะกรรมการพิจารณาสินเชื่อ

Sum ... ๒ ...

4. **Example:** As per appendix 1.

5. **Delegation of Authority (DOA)**

- The authority to approve top up MRTA is to apply the following current DOA:
 - a. Lending Program for SME-S Segment (SME Ju Jai) – Directive No. 34/2555
 - b. SME S&M Flood Program (SME Big Bag) – Directive No. 16/2555
 - c. Authority to approve credit facilities for SME Business Division (Metropolitan) – Directive No. 26/2555
 - d. Authority to approve credit facilities for SME Business Division (Provincial) – Directive No. 27/2555

Note: When there is change in Directive No. on the above DOA, the authority to approve top up MRTA shall follow remain effective.

Your approval is highly appreciated.



(Peerakit Jirachetthakun)

Vice President

SME Product Development Section



Appendix 1: Example for the insurance premium financing

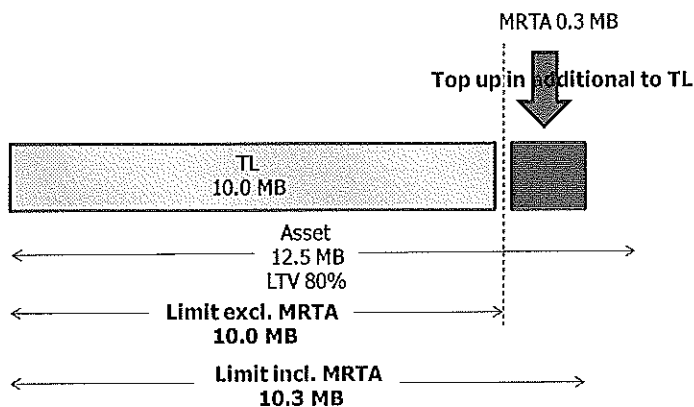
The customer is male with age of 45.

- TL limit is 10 MB. The amount insured is 10 MB. The insured term is 5 years.
- OD limit ranges between 3.5-4.3 MB. The amount insured is 3 MB.

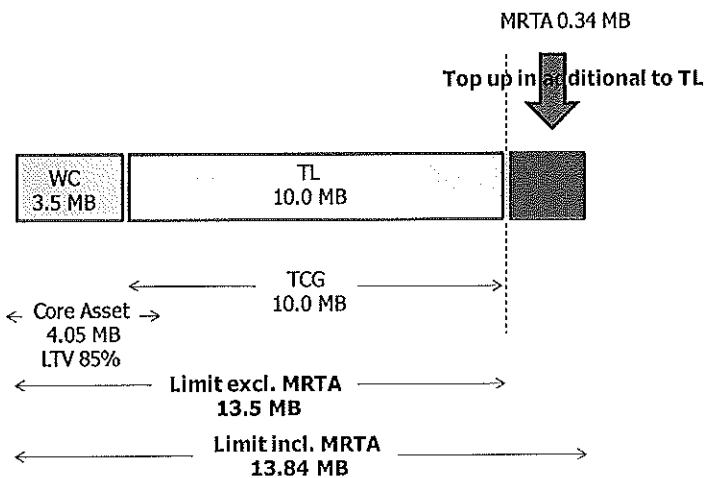
For this case, the MRTA premium is estimated about 0.34 MB described as table below.

Facilities	% Premium	Amount Insured (Baht)	Premium Amount (Baht)
TL	3.1420%	10,000,000	314,200
OD	0.80%	3,000,000	24,000
Total Premium			338,200

Normal Credit (Asset 12.5 MB)



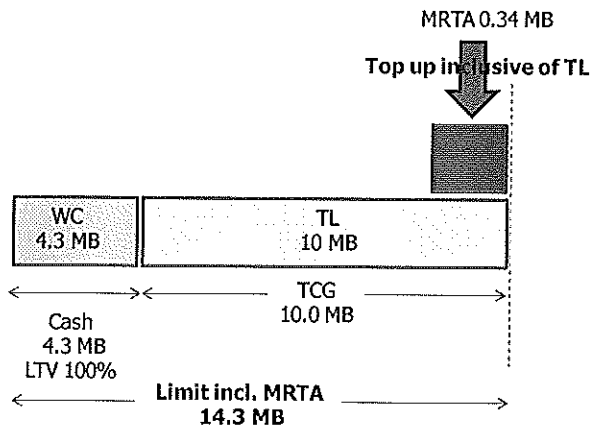
Credit with TCG (3X, Core Asset 4.05 MB)



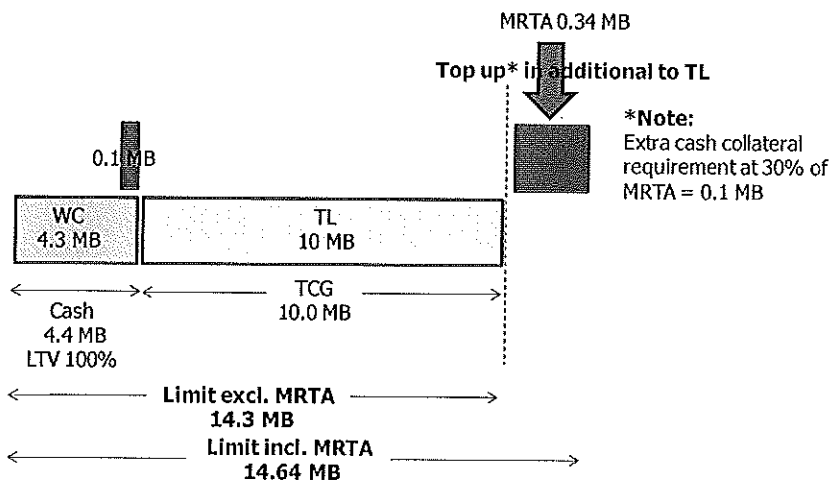
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Credit with TCG (3X, Cash 4.3 MB)

Option A



Option B



Qm

Appendix 2: Analysis of the maximum impact to DSCR after the insurance premium top up.

Assumption : The customer is male with age of 45.

FatKies	% Premium
TL	3.14%
CO	0.89%

	Total limit of product	Int	O/D 30% of total limit	Loan 70% of total limit	Insurance 0.8% of O/D	Insurance 3.142% of loan	Payment / month				Total Payment	EBITDA	DSCR
							CO	Loan 5 yrs	Insurance 5 yrs				
Case 1	5,000,000	9%	1,500,000	3,500,000	12,000	109,970	11,250	77,654	2,532	exclude Insurance include Insurance	83,904 86,436	100,663.09 100,663.09	1.20 1.16
Case 2	5,000,000	9%	250,000	4,750,000	2,000	149,245	1,875	98,602	3,160	exclude Insurance include Insurance	100,477 103,617	120,577.62 120,577.62	1.20 1.16
Case 3	10,000,000	9%	3,000,000	7,000,000	24,000	219,940	22,500	145,308	5,061	exclude Insurance include Insurance	167,808 172,872	201,370.18 201,370.18	1.20 1.16
Case 4	10,000,000	9%	500,000	9,500,000	4,000	298,490	3,750	197,201	6,279	exclude Insurance include Insurance	200,954 207,231	241,145.25 241,145.25	1.20 1.16
Case 5	15,000,000	9%	4,500,000	10,500,000	36,000	309,910	33,750	217,963	7,596	exclude Insurance include Insurance	251,713 259,308	302,055.28 302,055.28	1.20 1.16
Case 6	15,000,000	9%	750,000	14,250,000	6,000	417,735	5,625	295,807	9,419	exclude Insurance include Insurance	301,432 310,850	361,717.87 361,717.87	1.20 1.16
Case 7	20,000,000	9%	6,000,000	13,500,000	48,000	424,170	45,000	280,738	9,801	exclude Insurance include Insurance	325,238 335,039	390,255.35 390,255.35	1.20 1.16
Case 8	20,000,000	9%	1,000,000	18,500,000	8,000	497,000	7,500	384,030	10,379	exclude Insurance include Insurance	391,530 401,909	469,835.49 469,835.49	1.20 1.17

* Cap max 0.50 MB

[illegible]

Table 4 Premium Rates for OVERDRAFT, PROMISSORY NOTE or LETTER of GUARANTEE – Cash Basis (% Sum Assured)
Death and Total Permanent Disability (Level Sum Assured)

Age	Male	Female
20-30	0.50%	0.24%
31-40	0.59%	0.31%
41-45	0.80%	0.39%
46-50	1.05%	0.53%
51-55	1.50%	0.83%
56-60	2.31%	1.44%

Note: The above premium rates are show for proposal only. The actual package premium amount will be computed from premium rate per 1000 sum assured from TERM(Death) premium and TPD endorsement separately.