

HSBC PREMIER MORTGAGE LOAN

GENERAL TERMS AND CONDITIONS

The following Terms and Conditions shall govern the HSBC Premier Mortgage Loan (hereinafter referred to as the “Loan”) of The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka Branch (hereinafter referred to as “the **Bank/ HSBC**”)

(A) GENERAL

1. The Loan will be granted for the following purposes:
 - (a) purchasing a residential premises to be occupied by the Borrower/s and/or for investment purposes; or
 - (b) to obtain loans against property and/or equity finance for the sole purpose of financing the Borrower/s’ child’s overseas education and/or student expenses subject to the Borrower/s maintaining a student file with the Bank and subject to the mortgage over the property being a primary mortgage.
- 2 The Loan “amount” to be borrowed shall be calculated based on the monthly net verifiable income of the Borrower/s or up to a maximum of 75% of the market value of the property and premises as specified in Clause 4 below, whichever is lower. The Bank however reserves the right to determine the Loan amount without assigning any reasons therefore.
- 3 The Borrower/s should be Sri Lankan national/s residing in Sri Lanka having a regular monthly income individually or jointly with his/her spouse or any other immediate family member and the property and premises offered as security for the Loan shall be owned by the Borrower/s.
- 4 Subject to the terms set out herein, in the event of an outright purchase of property and premises, up to a maximum of 75% of the market value of the property and premises shall be considered for the Loan. The “market value” of the property and premises shall be the amount set out in the valuation report OR the selling price of the property and premises for outright purchases, whichever is lower.
- 5 The Bank reserves the right, at the Bank’s sole discretion, to carry out an inspection and/or valuation and entry to the property and premises by the Bank’s authorized representative at any time (i.e. prior to granting the Loan until such time the Loan is fully settled). The valuation charges shall be borne by the Borrower/s.

Customer(s)
Initial(s)



6 The Bank shall have the full authority and right to inspect any security obtained from the Borrower/s at any time for which purpose the Borrower/s hereby agrees to extend all co-operation to the Bank's officials, authorized agents and valuers by way of ready access to such property/security location and records. All charges connected with such inspections shall be debited to the Borrower/s' account held with the Bank under advice to the Borrower/s.

All immovable properties offered as security will be re-valued or in the alternative an endorsement on the latest valuation shall be obtained at any interval as determined by the Bank from time to time.

7 Subject to the sole discretion of the Bank, the monthly installment amounts could be increased at the Borrower/s' request provided the increased installment applies for the duration of the Loan (continuing until the Loan is repaid in full).

8 (a)The Borrower/s hereby agree(s) and undertake(s) to pay to the Bank on first demand all the sums due plus interest, expenses and any other charges which may be levied on the Loan from time to time in accordance with the Bank's requirements and standing regulations in force from time to time.

(b)The Bank has the option to claim settlement of the Borrower's liabilities to the Bank and to modify or cancel the Loan granted to the Borrower/s at its sole and absolute discretion (and whether for breach of the terms and conditions hereof or otherwise or the terms and conditions set out in the Facility Offer Letter between the Bank and the Borrower/s), without such measures by delivery of prior written notice to the Borrower/s.

(c)The Borrower/s acknowledges that the Bank has the right to institute legal proceedings for the recovery of the debt by instituting a hypothecary action or proceeding under the provisions of the Recovery of Loans by Banks (Special Provisions) Act No. 4 of 1990, as amended, for the recovery of the debt, costs and other sums incurred by the Bank in the recovery of the Loan, or under any provision of law in force or may which may come into force in the future from time to time after the date of the Loan application of the Borrower/s.

9 In the event any other loan/s has/have been or is/are granted to the Borrower/s by the Bank and default is made in the repayment of principal, interest or taxes due upon any such loan/s, the repayment of the Loan shall be deemed to be in default even though in fact default may not have been made in respect of the Loan.



10 All information regarding the Borrower's trade, business or occupation and financial condition shall be furnished by the Borrower/s to the Bank as and when required by the Bank. Any material change in the Borrower/s trade, business or occupation shall be forthwith notified in writing by the Borrower/s to the Bank. In the event there is a material change in the information provided by the Borrower/s, the Bank shall have the right to foreclose the Loan even after partial or full disbursement and to recover all amounts hitherto disbursed.

The Borrower/s warrants and represents that he/she has not withheld any information required by the Bank or shall not withhold any information that would have an impact in determining the Loan application made by the Borrower/s.

11 Particulars of any litigation which may tend to affect the Borrower/s financial capacity and in which the Borrower/s may be involved shall be disclosed by the Borrower/s to the Bank whenever such eventuality occurs.

12 (a) Any claims, summons, advice or notice relating to Loans which the Bank may desire to communicate to the Borrower/s shall be deemed to have been duly given to the Borrower/s if given in writing by Registered Post to the address of the Borrower/s last known to the Bank.

(b) Any notice, summons, advice or other communication given by the Bank to the Borrower/s under or in connection with this Loan shall be deemed to have been received:

(a) if delivered by hand, when it is left at the relevant address;

(b) if delivered by post, when it has been left at the relevant address or the second business day after being deposited in the post postage prepaid and

(c) any notice or other communication given by the Borrower/s under or in connection with this Loan shall, unless otherwise specified, be in writing and delivered by hand or by post to the Bank.

Any notice or other communication given by the Borrower/s to the Bank shall be deemed to have been received only on actual receipt within business hours in Sri Lanka.

13 (a) The Borrower/s hereby undertakes to check carefully all statements of accounts received from the Bank. If within one month of the date of dispatch of a statement of account to the Borrower/s' address as it appears in the records of the Bank, no objection has been received from the Borrower/s, then the balance shown therein shall be considered correct and the fact that no communication has been received from the Borrower/s shall be interpreted as a confirmation of the correctness of the account and the Borrower/s may not raise any objection in respect of any such statement of account.



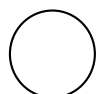
(b)The Borrower/s acknowledges that should the Borrower/s not receive a statement of account for any period it is solely and entirely the responsibility of the Borrower/s to demand a statement from the Bank.

- 14 The Borrower/s shall if the Bank may at any time so require, place as collateral, security with the Bank and to its order all moneys, shares, bonds and other valuable documents that now or may in the future be deposited with the Bank in the name of the Borrower/s. These shall be regarded as security for the settlement of the total amounts owed by the Borrower/s to the Bank under the Loan or other banking facilities including interest charges and expenses.
- 15 The Borrower/s further agrees that the Bank shall have a lien and right of set off (or similar right) over any of the Borrower/s' property rights and interests which are in the Bank's custody and control, which rights may be exercised by the Bank and the Bank may at any time without notice and without demand for payment of any monies due, combine and consolidate all or any of the accounts held in the Borrower/s' name/s irrespective of the titles they come under, and/or set off against all liabilities and all moneys due and owing from the Borrower/s to the Bank all or any moneys whatsoever and whether in current account, savings account or deposit account in whatsoever currency which the Bank may at any time hold to the Borrower/s' account/s at any of its offices.

A certificate by an officer of the Bank as to the amount due and owing to the Bank by the Borrower/s shall be sufficient and conclusive evidence for all purposes as to the actual amount due and owing.

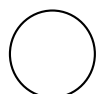
The Borrower/s hereby further undertake(s) to hold the Bank indemnified and saved harmless from and against all losses, claims damages, interests, costs, charges, expenses and any detriment of whatsoever kind or nature consequent on or attributable to the Bank's acting or purporting to act in the exercise of any right of set-off or lien or appropriation in terms hereof and thereby or otherwise dishonouring any cheque or other such like document or orders for payment of money.

- 16 No delay or omission of the Bank in exercising or enforcing (whether wholly or in part only) any right or remedy hereunder shall impair such right or remedy of the Bank and shall not be construed as a waiver of such right or remedy.
- 17 The Bank shall have the right at its absolute discretion to transfer, assign and sell in any manner in whole or in part any of the Borrower/s amounts outstanding under the Loan. The Borrower/s hereby agrees and authorizes the Bank to appoint third party collection agents for recovery of the outstanding amounts under the Loan. The Borrower/s shall pay all the



costs incurred by the Bank in respect of collection of the outstanding amounts under the Loan with interest, legal expenses and collection agency charges should it become necessary to refer the matter to a collection agency or take legal action to enforce payment.

- 18 The Bank has the right to reject the Loan application without assigning any particular reasons, if the required documentation does not meet the Bank's credit and/or operational criteria, if the title to the property to be mortgage to the Bank for the Loan is unacceptable or for any other reason that the Bank shall deem fit
- 19 (a) The Loan set up fee, legal fees, valuation fees, fire insurance, title insurance (if required), stamp duty on legal documents (if required) and any other charges and/or statutory dues imposed by the Bank and/or the Government of Sri Lanka and/or any other provincial or local statutory authorities from time to time shall be borne by the Borrower/s.
- (b) In the event the Loan is not drawn down and/or disbursed to the Borrower/s due to whatever reason, the Borrower/s shall bear and pay all costs, charges and/or fees for all the preliminary work carried out in processing the Loan including but not limited to examination of title, drafting of mortgage bonds, valuation of the property and premises and insurance policy cancellation fees (if any). The Bank shall place a lien of LKR 50,000/- on the Borrower/s personal account at the time the Loan application is submitted to the Bank to recover such fees incurred by the Bank in connection thereto to which the Borrower/s hereby agree and concur .
- (c) In addition to the interest and/or installments, the Borrower/s' account/s shall be debited annually for the premium of the Insurance Policy (hereinafter defined) applicable which will be taken by the Borrower/s on the mortgaged property/premises with financial interest vested with the Bank. The Insurance Policy shall be taken by the Borrower for the re-instatement value and/or insurance value as indicated in the valuation report submitted by a Valuer belonging to the approved panel of valuers of the Bank.
20. An annual Insurance Policy covering relevant perils including but not limited to fire and lightning, riot and strike, explosion, malicious damage, impact damage, bursting and overflowing of water tanks, apparatus or pipes, air craft damage, cyclone, storm and tempest, earthquake, flood, tsunami and tidal waves caused by earthquake and/or volcanic eruption, typhoon, tornado, hurricane (collectively referred to as "Insurance Policy"), shall be obtained and continued by the Borrower/s until the Loan is settled in full from an insurance company acceptable to the Bank and registered with the Insurance Regulatory Commission of Sri Lanka with the financial interests vested with the Bank.



For an outright purchase of property, the Insurance Policy shall be taken for the insurance value as indicated in the valuation report.

In the event the Borrower/s fails and/or neglects to obtain and/or renew and/or enhance the aforesaid Insurance Policy related to the Loan, the Bank has the right to obtain and/or renew and/or enhance the said Insurance Policy to the debit of the Borrower/s account held with the Bank, at its discretion with notice to the Borrower/s.

The Borrower/s shall immediately take a Decreasing Term Assurance (“DTA”) policy once the title to the property to be mortgaged has been accepted by the Bank. The Borrower/s should make sure that he/she/they obtain(s) the most suited DTA policy which he/she/they can get the best benefits from, covering all circumstances, at the time of his/her/their demise. Should the Bank not be able to recover or, be paid, its dues of the Loan from the DTA policy due to any reason, the Bank is fully entitled to recover all dues outstanding having recourse to all legal remedies, including but not limited to Parate Execution, available to the Bank. Upon obtaining the Loan from the Bank if the Borrower/s request the Bank to reschedule the Loan the existing DTA policy shall be cancelled and the Borrower shall obtain a new DTA policy for the remaining tenor of the Loan and the cost for the said new DTA policy shall be borne by the Borrower/s.

21. Re-financing of a housing loan from any other financial institution will be offered by the Bank at its sole and absolute discretion.
22. (a) Title to the house and property offered as security should be acceptable to the Bank. In the event the title is not acceptable to the Bank due to defects in the title, a title insurance issued by any insurance company approved by and registered with the Insurance Regulatory Commission of Sri Lanka in respect of the property to be mortgaged shall be submitted by the Borrower/s to the Bank if the defect in title can be remediated by a Title Insurance

(b) The Borrower/s agrees to maintain and keep all assets offered as security to the Bank in a good state of repair and in safe storage conditions devoid of fire and other hazards. Any special conditions imposed by the insurer shall be complied with by the Borrower/s.
23. Originals of notices of assessment in respect of the property mortgaged and receipts for the payment of assessment rates for each quarter shall be submitted by the Borrower/s to the Bank for lodgment with the securities.

24. The full value of the Loan shall be re-payable in monthly installments (inclusive of both principal and interest) commencing from the first month of the drawdown of the Loan subject to the provision that the monthly installment amounts will be adjusted with each change in the interest rate as described under section (B) below.
25. A Deed of Declaration/Renunciation shall be executed by the Borrower/s whereby the Declarant renounces the benefit available to the Declarant in terms of the Mortgage Act No 6 of 1949 (as amended) thereby giving the Bank the right to sell any other property/ies belonging to the Declarant apart from the mortgaged property.

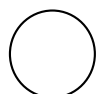
The full or any part of the Loan sanctioned shall be released only after the Mortgage Bond (primary or otherwise) together with the Deed of Declaration /Renunciation is duly executed by the Borrower/s in favour of the Bank.

All immovable properties mortgaged to the Bank shall be preserved and maintained in a good state of repair by the Borrower/s. The Borrower/s hereby undertakes to inform the Bank in writing in the event any material alterations in the condition or value of the immovable properties mortgaged to the Bank is effected. Any material alterations in their condition of value shall be notified by the Borrower/s to the Bank. Further, the Borrower/s shall not create any mortgage, encumbrance or pledge over any immovable assets upon which the Bank has an interest without the prior written consent of the Bank.

26. The Loan shall be released by the Bank way of a cashier's order drawn in favour of the seller or by crediting the personal account of the Borrower/s, as the case may be.
27. Should government regulations and/or laws applicable to Loans (including home loans) change at any given time, the terms and conditions hereof shall automatically stand amended as may be necessary.
28. These terms and conditions shall be construed and take effect in accordance with the laws of Sri Lanka and proceedings shall be brought in the courts of Sri Lanka provided always that the Bank may if it so desires take proceedings in the courts of any other country or jurisdiction if it thinks fit in which event the laws applicable to such courts shall apply and the Borrower/s shall agree to submit to such other courts and such other laws. The Borrower/s undertake to be jointly and severally liable to the Bank in respect of the monies due under the Loan.

29 Tariff of Charges

The Bank reserves the right to impose service fees and charges in relation to the Loan which are detailed and provided for in the Bank's Tariff of Charges.



The Borrower/s hereby acknowledges that the Borrower/s is/are duly briefed and made aware that the Tariff of charges of the Bank are available on the website of the Bank at www.hsbc.lk. and that the Bank reserves the right to amend and/or change the Tariff of charges which shall be communicated to the Borrower/s by way of post, courier or by way of electronic means or by publishing on the website of the Bank at www.hsbc.lk. which shall be binding on the Borrower/s.

(B) INTEREST RATES

The interest rates in respect of the Loan may be either a **quarterly fixed rate (linked to the Treasury Bill rate)**, a **one year fixed rate** or a **five year fixed rate** .

1. QUARTERLY FIXED RATE (LINKED TO THE TREASURY BILL RATE)

The monthly installment payable is liable to fluctuate based on the treasury bill rates (issued by the Central Bank of Sri Lanka) without either a minimum or a maximum limit and the Borrower/s consents to undertake all risks involved in accepting a quarterly fixed rate (linked to the treasury bill rates).

- 1.1 The interest rate is fixed for a period of three months and such rate shall be reviewed and fixed on the 27th day or the next working day of the last month in intervals of three months until the Loan is settled in full.
- 1.2 In the event the Borrower/s requires to change the type of interest rate pertaining to the Loan from the Quarterly fixed rate (linked to the treasury bill rate) to the five year fixed interest rate (fixed rate) or to the one year fixed interest rate (fixed rate), the Borrower/s shall be authorized to change the type of interest rate before the end of the review date of each quarter or at such other time as may be requested by the Borrower/s. Thereupon the interest rate applicable on the Loan shall be the prevailing interest rate of the five year fixed interest rate (fixed rate) or the one year fixed interest rate (fixed rate) as selected by the Borrower/s.
- 1.3 By authorizing the Bank to change the type of interest rate applicable to the Loan as aforesaid, the Borrower/s shall agree to bear applicable costs and undertake all risks involved. By such change, the Borrower/s shall be subject to all applicable terms and conditions pertaining to the five year fixed interest rate (fixed rate) option or the one year fixed interest rate (fixed rate) option as selected by the Borrower/s.
- 1.4 In the event the Borrower/s wishes to change the interest rate type as aforesaid the Borrower/s shall be required to inform the Bank 'in writing.'

2. FIVE (5) YEAR FIXED INTEREST RATE (FIXED RATE)

- 2.1 The Interest rate in respect of the Loan may be fixed for periods of five years.
- 2.2 The five year fixed interest rates shall be reviewed and fixed on the 27th day or the next working day of the last month in five year periods.
- 2.3 Where the interest rate is fixed for a period of five years, such rate shall be reviewed every five years based on the prevailing interest rates applicable to loans as determined by the Bank. The rate applicable will continue to be revised accordingly every five years until the Loan is settled in full.
- 2.4 In the event the Borrower/s wishes to change the interest rate type the Borrower/s shall be required to inform the Bank 'in writing.'

3 FIVE (5) YEARS FIXED INTEREST RATE (REGULATED CIRCULAR RATE FALLING UNDER CBSL MONETORY LAW ACT ORDER NO 03 OF 2020 as amended by MONETORY LAW ACT ORDER NO 04 OF 2021)

- 3.1 The interest rate in respect to the Loan will be fixed at the Average Weighted Prime Lending Rate ("AWPR") prevailing at the date of disbursement of the Loan during the first five (5) years. Interest rate during the period after the first five (5) years will be a floating interest rate linked to the monthly AWPR") plus 200 basis points for the remaining tenure of the Loan. The AWPR is based on the average monthly AWPR for the banking sector published by the Central Bank of Sri Lanka during the immediately preceding 6 months and will take place every six(6) months, after the first five years of the drawn down of the Loan.
- 3.2 This interest rate option shall only be given to Borrower/s who are salaried employees serving in confirmed service in the public or private sector obtaining the Loan for housing purposes and are mortgaging the property which is financed by way of a primary mortgage.
- 3.3 In the event the Borrower/s wishes to change the interest rate type the Borrower/s shall be required to inform the Bank 'in writing.'



4 ONE (1) YEAR FIXED INTEREST RATE OPTION (FIXED RATE)

- 4.1 The Interest rate in respect of the Loan may be fixed for periods of one (01) year.
- 4.2 The interest rate in respect of the Loan may be fixed for a period of one year and shall be reviewed and fixed on the 27th day or next working day of the last month in intervals of one year.
- 4.3 Where the interest rate is fixed for a period of one year, such rate shall be reviewed every year based on the treasury bill rate (issued by the Central Bank of Sri Lanka). The interest rate applicable shall continue to be revised accordingly on an annual basis until the Loan is settled in full.
- 4.4 In the event the Borrower/s wishes to change the interest rate type the Borrower/s shall be required to inform the Bank 'in writing.'
5. Notice of changes in interest rates may also be given by the Bank by displaying on the public website of the Bank and on the Bank's notice boards in public areas of the branches, day and night banking centers, and/or any other suitable place and/or through statement messages or by any electronic/digital communication means the Bank deems fit and shall constitute due notice to the Borrower/s.

(C)Pre-payment Fees

1. The Borrower/s hereby agrees with the Bank that in the event the type of interest rate applicable to the Loan is changed at any time during the tenor of the five year period upon the request of the Borrower/s from the 5 year fixed interest rate (fixed rate) option to the quarterly fixed rate (linked to treasury bill rate) option or one year fixed rate (fixed rate) option the Borrower/s shall be liable to and agrees to pay to the Bank a pre-payment fee of 5% of the outstanding Loan amount provided that no such fee shall be applicable and charged if the change is requested by the Borrower/s on the review date of each five(5) years. The pre-payment amount could be substantial based on the outstanding Loan amount. By authorizing the Bank to change the type of interest rate applicable to the Loan as aforesaid the Borrower/s consents to undertake all risks involved.
2. The Borrower/s hereby agrees with the Bank that in the event the type of interest rate applicable to the Loan is changed at any time during the tenor of the One year period upon the request of the Borrower/s from the 1 year fixed interest rate (fixed rate) option to the quarterly fixed rate (linked to treasury bill rate) option or five year fixed rate (fixed rate) option the Borrower/s shall be liable to and agrees to pay to the Bank a pre-payment fee of 5% of the



outstanding Loan amount provided that no such fee shall be applicable and charged if the change is requested by the Borrower/s on the review date of each one (1) year. The pre-payment amount could be substantial based on the outstanding Loan amount. By authorizing the Bank to change the type of interest rate applicable to the Loan as aforesaid the Borrower/s consents to undertake all risks involved.

3. If the Borrower/s has selected the 5 year fixed interest rate (fixed rate) option or one (1) year fixed interest rate (fixed rate) option and in the event of a pre-payment of the Loan in full or in part by the Borrower/s, the Borrower/s shall be liable to and agrees to pay to the Bank a pre-payment fee of five per centum (5%) of the amount pre-paid. The pre-payment fee could be substantial based on the amount pre-paid.
 - a. If the Borrower/s has selected the quarterly fixed rate (Linked to treasury bill rate) option and in the event of a pre-payment of the Loan in full or in part by the Borrower/s, the Borrower/s shall be liable to and agrees to pay to the Bank a pre-payment fee of 2.5% of the amount pre-paid. The pre-payment fee shall be substantial based on the Loan amount pre-paid
 - b. In the event the Borrower/s wishes to pre-pay the Loan in full or in part the Borrower/s would be required to inform the Bank 'in writing' prior to such pre-payment.
4. For a Loan availed under the five (5) year fixed interest rate scheme which is subject to the directions issued by the Central Bank of Sri Lanka, a pre-payment fee will not-be applicable if the Loan is settled in full at the end of the 5 years. In the event the Loan is not settled in full within the period of 5 years, a pre-payment fee will be charged-based on the tariff of charges of the Bank.

(D) OTHERS

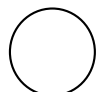
1. Payments on the Loan by the Borrower/s shall be made to the Bank without any set-off, counter-claim, withholding or condition of any kind except that if the Borrower/s is compelled by law to make such withholdings, the sum payable shall be increased so that the amount actually received by the Bank is the amount it would have received if there had been no withholding.
2. The Loan installments are payable on the notified due date. In the event cleared funds are not available by that date, any credits to the account will be accrued and appropriated against overdue installments and interest which will be recovered. Penal interest (at the

prevailing overdue interest rate or any other rate determined by the Bank) is applicable on overdue installments and interest.

Interest calculated in the manner customary to the Bank may be debited to the Borrower's' account each month or at such intervals as the Bank may at its sole discretion decide. Any commission expenses or charges due incurred in respect of these or any other credit facilities extended to the Borrower/s or of any transaction of any kind carried out at the Borrower's' order or on the Borrower's' behalf whether or not by written order may be debited to the Borrower's' account in the Bank.

All amounts of interest, commission, expenses or charges debited to the Borrower's' account shall become part of the Borrower's' liability to the Bank and if the debiting of such amounts to the Borrower's' account causes the limit (above stated) or such other limit as may be fixed at the discretion of the Bank to be exceeded, the Borrower/s undertake(s) to repay the excess immediately.

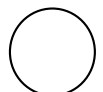
3. The Loan is subject to the Bank's customary overriding right repayment upon demand in full and to the Bank's review at any time.
4. The Loan must be utilized only for the approved purpose at all times. In the event The Borrower/s does not comply with this requirement, the Bank reserves the right to recall/cancel the Loan without prior notification to the Borrower/s.
5. The Borrower/s hereby consents and acknowledges that the Bank at its own discretion, is entitled to report to the Credit Information Bureau (CRIB) of Sri Lanka and/or any other credit information bureau local or international in the event of any default of the Loan or any transaction by the Borrower/s.
6. The Borrower/s should pay regularly on time all statutory liabilities/dues and rates to the Department of Inland Revenue and other government institutions.
7. The following shall constitute an event of default under the Loan:
 - a. The monthly repayment of principal, interest or installment of the Loan is outstanding for more than one (01) month or is determined by the regulatory authorities,
 - b. Bankruptcy of the Borrower/s,
 - c. breach by the Borrower/s of any of the terms and conditions hereof or the terms and conditions set out in the Facility Offer Letter between the Bank and the Borrower/s,



- d. If it becomes unlawful in any applicable jurisdiction for the Bank to perform any of its obligations under the Loan and/or to grant and/or continue to grant the Loan,

Upon the occurrence of an event of default or at any time thereafter whilst the event of default is continuing the Bank shall by notice to the Borrower/s;

- i. declare all or any part of the Loan to be immediately due and payable whereupon the same shall become immediately due and payable together with accrued interest thereon and any other sums owed by the Borrower/s to the Bank; and/or
 - ii. declare cancelled any undrawn portion of the Loan
8. Re-scheduling of the Loan shall be at the sole discretion of the Bank
 9. In the event the Borrower/s becomes a Non Resident Sri Lankan (NRSL), the Borrower/s hereby undertakes to make the repayment of the Loan through a Personal Foreign Currency Account (PFCA) and/or subject to prevailing Foreign exchange regulations as may be imposed by the Central Bank of Sri Lanka from time to time.
 10. Unless expressly agreed otherwise by the Bank, the Bank may assign or transfer all or any part of its rights, benefits and/or obligations under the Mortgage Loan to any group office of the Bank, another bank or financial institution, by delivering to the Borrower a notice in writing. Such assignment or transfer shall take effect as from the effective date specified in the notice and the Bank shall thereafter be released from such rights, benefits and/or obligations. No assignment or transfer of any right, benefit or obligation of the Loan shall be made by the Borrower.
 11. The Bank may waive any of the terms or conditions hereof either unconditionally or on terms stipulated by the Bank. Every such waiver by the Bank shall be without prejudice to the rights of the Bank hereunder which shall always remain exercisable, as if such waiver had not been made and whenever the Bank thinks fit.
 12. No interest shall be due to the Borrower/s in respect of any credit balances during the period of the Loan facility(ies) except as may be agreed by the Bank from time to time in writing in respect of specific sums or accounts.
 13. The Borrower/s confirm that as required by applicable laws and regulations prevailing from time to time, to report, and to continue to report, to all relevant competent tax authorities the assets and/or cash deposited on all Borrower/s account(s) held with the Bank, as well as the income and gains generated by those assets and/or cash.



14. DISCLOSURE OF INFORMATION

The Borrower/s authorize(s) the Bank to disclose information concerning the Borrower/s to any third party service provider appointed by the Bank or by any of the offices of the HSBC group, to any of the offices of the HSBC group, to government entities and/or regulators as the Bank deems appropriate. This consent shall be effective even when the Borrower/s no longer hold(s) the Loan with the Bank.

15. The Borrower/s represents and confirms that;

15.1 neither (i) the Borrower is:

(a) the subject of any sanctions administered or enforced by the US Department of the Treasury's Office of Foreign Assets Control, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority, the Government of Sri Lanka or any other relevant sanctions authorities (collectively, "**Sanctions**"); or

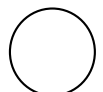
(b) located, or resident in a country or territory that is, or whose government is, the subject of Sanctions, including the Crimea region, Cuba, Iran, North Korea-and Syria.

15.2 the Borrower/s agrees that the Borrower/s will not, directly or indirectly, use the funds in any account or any financing provided by the Bank, or lend, contribute or otherwise make available such funds to any other person:

(a) to fund any activities or business of or with any person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions;
or

(b) in any other manner that would result in a violation of Sanctions by any person.

15.3 neither the Borrower/s or other person acting on behalf of the Borrower/s is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of any applicable anti-bribery law, including but not limited to, the United Kingdom Bribery Act 2010 (the "**UK Bribery Act**") and the U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**"). Furthermore, the Borrower/s is in compliance with the UK Bribery Act, the FCPA and similar laws, rules or regulations and has instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith. The Borrower/s undertakes that none of the accounts or services will be used, directly or indirectly, for any payments that could constitute a violation of any applicable anti-bribery law.



15.4 the Borrower/s will at all times ensure compliance with applicable financial record keeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over the Borrower/s (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Borrower/s, agents or employees, in each case, with respect to the Money Laundering Laws is pending or, to the best of its knowledge, threatened.

15.5 Financial Crime Risk Management Activity

15.5.1 HSBC, and members of the HSBC Group, are required to, and may take any action they consider appropriate (in their sole and absolute discretion), to comply with laws, regulations, sanctions regimes, international guidance, HSBC Group internal policies and procedures, and/or demands from any Authorities, relating to or in connection with the detection, investigation and prevention of Financial Crime ("**Financial Crime Risk Management Activity**").

Such action may include, but is not limited to: (a) screening, intercepting and investigating any instruction, communication, drawdown request, application for services, or any payment sent to or by the Borrower/s, (b) investigating the source of or intended recipient of funds (c) combining Borrower/s information with other related information in the possession of the HSBC Group, and/or (d) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming a Borrower's identity and status.

15.5.2 Exceptionally, HSBC's undertaking of Financial Crime Risk Management Activity may lead to HSBC delaying, blocking or refusing the making or clearing of any payment, the processing of Borrower/s instructions or application for services or the provision of all or part of the services. To the extent permissible by law, neither HSBC nor any other member of HSBC Group shall be liable to the Borrower/s or any third party in respect of any loss howsoever arising, suffered or incurred by the Borrower/s or third party caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

16. The Bank reserves the right to add, revise, amend or cancel, in whole or in part, any of the terms and conditions hereunder. Any such addition, revision, amendment, cancellation or changes will take effect, and become binding on the Borrower/s, from such time as brought to the attention of the Borrower /s by letter and/or by enclosures in the statement and/or by display on notice boards in branches of the Bank and by notice published on the website of



the Bank at www.hsbc.lk and/or by any electronic/digital communication channel/medium the Bank deems fit.

17. In the event the Borrower/s is not entirely satisfied in the manner in which the Borrower/s has been served, or if the Loan product of the Bank does not meet the Borrower/s' expectations, the Borrower/s may contact the Bank using one of the following options;

by contacting the Customer Solutions hotline of the Bank on [+94-11-4511566](tel:+94-11-4511566).

by emailing the Bank of the Borrower/s' concerns to :
customersolutions@hsbc.com.lk

by writing to the Bank to :
The Manager Customer Experience and Relations,
Retail Banking and Wealth Management
HSBC No 24

Sir Baron Jayathilake Mawatha
Colombo 1

While the Bank prefers to always resolve any concerns raised with the Bank to the complete satisfaction of the Borrower/s, the Borrower/s may also write to the Office of the Financial Ombudsman and request redress. The contact details of the Financial Ombudsman are;

The Office of the Financial Ombudsman - Sri Lanka,
143A, Vajira Road, Colombo 5
Tel : +94 112 595 624 Fax : + 94 112 595 625
E-mail : fosril@sltnet.lk
Web : www.financialombudsman.lk

The Borrower/s may also seek advice from the Credit Counselling Centre the contact details of which are given below:

Sri Lanka Banks' Association (Guarantee) Ltd.
Ceylinco House, Level-1 Mezzanine,
69, Janadhipathi Mawatha,
Fort Colombo 1.
Tel : +94 11 2345230

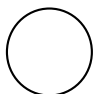
Email : slba@slba.lk Web: <http://www.slba.lk>

Please visit the Bank's website www.hsbc.lk for further information.

18 The Sinhala and Tamil translations of these Terms and Conditions are available on the website of the Bank (www.hsbc.lk) and also in printed form at all offices and/or branch offices of the Bank.

The Borrower/s hereby confirm and agree that in the event of any discrepancy in the Sinhala and Tamil versions of these Terms and Conditions, the English version shall prevail.

The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka Branch is a licensed commercial bank supervised by the Central Bank of Sri Lanka.



Issued by The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka Branch.

Reference – HML 012022TC