

# Global Bank Nigeria - Credit Risk and Loan Origination Policy

**Policy ID:** GBN-CR-2024

**Effective Date:** 2024-03-01

**Version:** 2.0

**Applicable Jurisdiction:** Nigeria

## 1.0 Loan Eligibility Criteria

### 1.1 Minimum Requirements

To be eligible for a personal loan, applicants must:

- Be between 21 and 65 years of age.
- Provide a valid Bank Verification Number (BVN).
- Have a minimum monthly income of ₦100,000.

### 1.2 Debt-to-Income (DTI) Ratio

In assessing a borrower's ability to repay, the Bank shall adhere to prudent lending practices. A key metric is the Debt-to-Income (DTI) ratio.

**Clause 1.2.1:** Applications with a DTI ratio exceeding **45%** will be automatically declined. This internal risk threshold is established in accordance with the **Central Bank of Nigeria's Prudential Guidelines on credit risk management**, which emphasize conservative lending to mitigate systemic risk.

## 2.0 Credit Scoring & Decisioning

### 2.1 Use of Automated Systems

Loan decisions are primarily made using the **CreditExplain Approval Model v2.1**. The model considers factors including but not limited to: credit history, income stability, existing obligations, and transaction patterns.

## 2.2 Adverse Action Notices

If a loan application is declined, the applicant must receive a clear adverse action notice within 5 business days. The notice must cite the primary reason for decline, such as:

- "Insufficient income"
- "Excessive existing debt obligations (DTI > 45%)"
- "Unsatisfactory credit history"

This process is mandated by the **CBN Consumer Protection Framework, Section 12.1**, to ensure transparency.

## 3.0 Collateral Requirements

### 3.1 Secured Loans

For secured lending products, the value of the collateral must be at least 120% of the loan value, as per the **CBN Guidelines on Collateral Perfection**.