

Palm Bank – Loan Compliance Rules & Regulations

1. General Eligibility Criteria

- Applicant must be between 21 to 60 years of age.
- Must have a valid government-issued ID and permanent address proof.
- Minimum monthly income: NPR 25,000 (or equivalent).
- Must have a verifiable source of income for the last 6 months.

2. Documentation Requirements

- Completed loan application form.
- KYC documents (citizenship/passport, utility bill, photo).
- Income proof (salary slips, bank statements, tax returns).
- Collateral documents (if applicable).

3. Credit Assessment Policy

- Minimum CIBIL score: 650.
- No loan defaults in the last 2 years.
- Existing EMIs should not exceed 50% of net monthly income.
- Detailed Debt-to-Income (DTI) analysis required.

4. Loan Types and Limits

- **Personal Loan:** Max NPR 1,000,000; tenure up to 5 years.
- **Home Loan:** Max NPR 10,000,000; tenure up to 25 years.
- **Auto Loan:** Max NPR 5,000,000; tenure up to 7 years.
- **Business Loan:** Max NPR 20,000,000; tenure up to 15 years.

5. Interest Rates

- Interest rates are floating, subject to central bank policy.
- Base Rate + Spread: Total interest rate.
- Penal interest of 2% p.a. for overdue EMIs.

6. Collateral Requirements

- Loans above NPR 500,000 require collateral unless pre-approved.
- Collateral must be free from encumbrance and properly valued.
- Revaluation every 3 years is mandatory.

7. Prepayment & Foreclosure

- Allowed after 6 EMIs.
- No prepayment penalty for floating-rate loans.
- 2% foreclosure charge on fixed-rate loans.

8. Regulatory Compliance

- All loans must comply with NRB (Nepal Rastra Bank) circulars.
- AML/KYC norms must be strictly followed.
- Loan accounts to be reviewed quarterly for risk flags.

9. Monitoring & Recovery

- Monthly EMI tracking system mandatory.
- NPA (Non-Performing Asset) threshold: 90 days past due.
- Recovery notices sent after 60 days of default.
- Legal action initiated after 120 days of continuous default.

10. Risk & Audit

- Internal audit of loan portfolio every quarter.

- Risk categorization: Low, Moderate, High.
- High-risk loans require two-level managerial approval.