

Retail and Corporate Lending Policy

Policy Reference: BAP-LEN-003 | Version: 1.5 | Effective Date: January 1, 2026

1. Purpose and Objectives

This Lending Policy establishes the principles, guidelines, and standards governing all lending activities of the bank. The policy ensures that credit is extended prudently while maintaining portfolio quality and managing credit risk within acceptable parameters.

2. Retail Lending Products

2.1 Personal Loans

Parameter	UAE Nationals	Expatriates
Maximum Loan Amount	AED 5,000,000	AED 2,500,000
Maximum Tenure	60 months	48 months
Maximum Debt Burden Ratio	50% of salary	40% of salary
Minimum Monthly Salary	AED 5,000	AED 8,000
Minimum Employment Duration	3 months	6 months
Interest Rate (from)	5.49% per annum	5.99% per annum

2.2 Home Loans (Mortgages)

Parameter	UAE Nationals	Expatriates
Maximum LTV (First Property)	85% of property value	75% of property value
Maximum LTV (Second Property)	65% of property value	60% of property value
Maximum Loan Amount	AED 15,000,000	AED 10,000,000
Maximum Tenure	25 years	20 years
Minimum Down Payment	15%	25%
Maximum Age at Maturity	70 years	65 years

2.3 Auto Loans

Auto loans are available for new and used vehicles with the following parameters:

- New Vehicles: Maximum 80% of invoice value, up to 60 months tenure
- Used Vehicles (up to 3 years old): Maximum 70% of value, up to 48 months
- Used Vehicles (3-5 years old): Maximum 60% of value, up to 36 months
- Vehicles older than 5 years: Not eligible for financing
- Interest rates from 3.99% per annum (new) to 5.99% per annum (used)

3. Corporate Lending

3.1 Credit Approval Authority

Facility Amount	Approval Authority	Turnaround Time
Up to AED 1 Million	Branch Credit Committee	2 business days
AED 1M to AED 10M	Regional Credit Committee	5 business days
AED 10M to AED 50M	Head Office Credit Committee	7 business days
AED 50M to AED 200M	Executive Credit Committee	10 business days
Above AED 200M	Board Credit Committee	15 business days

3.2 Corporate Credit Assessment

Corporate loan applications are assessed based on the following criteria:

- Financial Analysis: Review of 3 years audited financial statements
- Cash Flow Analysis: Assessment of debt service coverage ratio (minimum 1.25x)
- Management Assessment: Track record, experience, and succession planning
- Industry Analysis: Sector outlook and competitive positioning
- Security Assessment: Valuation and enforceability of collateral
- Environmental and Social Risk Assessment for large exposures

3.3 Prohibited Sectors

The bank shall not extend credit to the following sectors:

- Gambling and betting establishments
- Adult entertainment and related businesses
- Manufacturers or dealers of prohibited weapons

- Businesses violating UAE labor laws
- Entities sanctioned by UAE, UN, OFAC, or EU

4. Loan Classification and Provisioning

Classification	Days Past Due	Provision Requirement
Pass (Standard)	0 days	1% (general provision)
Special Mention	30-89 days	5% of outstanding balance
Substandard	90-179 days	25% of outstanding balance
Doubtful	180-359 days	50% of outstanding balance
Loss	360+ days	100% of outstanding balance

5. Loan Recovery Procedures

When loans become delinquent, the following recovery process is initiated:

- Day 1-30: Automated SMS and email reminders to customer
- Day 31-60: Personal calls from relationship manager
- Day 61-90: Formal written notice and restructuring discussion
- Day 91-180: Referral to Collections Department
- Day 181+: Legal action and security enforcement initiated
- Write-off: After 100% provision and all recovery actions exhausted

Approved by: Board Credit Committee | Next Review Date: January 1, 2027

NOTE: This is a SAMPLE document created for educational purposes only.