

Penal Interest Rate

- If the loan installment is repaid on or before the due date, no penal interest shall be charged by the bank.
- If the borrower fails to repay the loan installment, or any part thereof, on the due date, a penal interest of **2% per annum** shall be applied on the overdue amount for the period from the due date until the date of repayment.
- The penal interest shall be calculated as follows:

$$\text{Penal Interest} = \text{Overdue Amount} \times 2\% \times \frac{\text{Number of Days Overdue}}{365}$$

- Penal interest charges shall be applicable to all loan products offered by the bank.