

FAIR LENDING PRACTICE CODE

INTRODUCTION :

This document is the Bank's Fair Practices Code for Lending, which is a code for dealing with customers in the course of the Bank's lending business. Unless otherwise stated at relevant places in this code, the code is applicable to entire business spectrum of the Bank. For the purpose of this Code, the term "credit" will include all funded and non-funded credit facilities. RBI's guidelines / directives that may be issued from time-to-time will override the code where applicable.

PRE-SANCTION:

- a. In the matter of lending, the Bank will not discriminate on grounds of gender, caste and religion. This, however, will not preclude the Bank from participating in credit-linked schemes framed by the government preferentially for weaker sections of society.
- b. All Credit application forms and/ or facility sanction letters, as applicable will contain the following:
 - The fees / charges payable for processing;
 - The amount of fees / charges refundable if the application is not considered
 - The pre-payment options
 - Any other matter which affects the interests of the borrower.
- c. The Bank will give an acknowledgement for all credit applications, when received from the borrower applicant. In case of loan applications up to Rs. 2 lakhs, the acknowledgement shall also indicate the period within which the application will be decided upon in case of corporate banking, where credit proposals are initiated based on detailed discussions with the customer, the process of application/acknowledgment may not be followed. It is expected that credit applications from borrowers will be complete in all respects and be accompanied by all supporting documents specified by the Bank.
- d. The Bank will verify the credit application within a reasonable period of time and if additional details / documents are required, the same will be intimated to the borrowers within such reasonable period of time.

Loan Appraisal

- a. The Bank will ensure proper assessment of loan application in accordance with the Bank's credit policies and procedure. The extension of credit facilities will be in accordance with the risk-appetite of the Bank. The Bank will not be guided solely by margin and security when deciding on lending.
- b. The Bank will convey to the borrower the credit limit approved and the standard terms and conditions thereof, including interest / charges / penal interest rates. Where terms and conditions are negotiated, these will also be reduced in writing and duly certified. The Bank will keep the borrower's acceptance of the terms and conditions on record. The credit agreements will clearly spell out the terms and conditions on which the credit facilities are extended and instances under which the Bank can exercise its discretion on continuing to lend and the quantum to lend. A copy of the credit agreements and their enclosures will be made available to the borrower.
- c. All rejection of credit applications received will be conveyed in writing giving the main reasons for rejection of the application, within the stipulated time
- d. In the case of consortium lending the procedure for appraisal, sanction or rejection will be done in consultation with the participating members

POST-SANCTION

- a. The Bank will ensure timely disbursement of credits sanctioned, on execution / submission of all documents, creation of security and compliance of all conditions precedent to the disbursement of the credit, to the satisfaction of the Bank. However, in the event that the Bank comes across any new information on the borrower impacting the lending, the Bank may review its sanction.

- b. Post-disbursement supervision will be conducted in accordance with normal banking practice, the applicable terms and conditions and the extant guidelines issued by the Reserve Bank of India. The Post disbursement supervision in respect of loans up to Rs. 2 lakhs will, as far as possible, be aimed at resolving any customer service issues that the borrower may face.
- c. The Bank will permit continued utilization of the credit facilities, on the terms agreed. However, it would be solely at the discretion of the Bank, at each instance, whether or not to permit utilization:
 - Beyond the sanctioned limit; or
 - For purposes other than specifically agreed to in the credit sanction; or
 - In a credit classified as a non-performing asset; or
 - When terms & conditions are not complied with.
- d. The Bank is not obligated to meet further financial requirements of the borrower. Fresh credit facilities or enhancements or renewal of existing credit limits will be at the sole discretion of the Bank and will be subject to review of the existing credit facilities and the borrower's credit worthiness / business.
- e. The Bank will not interfere in the affairs of the borrower except to the extent provided in the terms and conditions in the credit documents or in the event that new information, not earlier disclosed by the borrower, comes to the notice of the Bank or as permissible to a lender under existing or future statutes or to protect the Bank's interests.
- f. In case of receipt of request from the borrower for transfer of credit account to another bank, the consent or objection will be communicated to the borrower within 21 days from the date of receipt of the written request.
- g. The Bank will give adequate notice of any change in the terms and conditions of the lending, including revision in interest rates, service charges etc. Bank shall ensure that changes in interest rates and charges are only effected prospectively.
- h. The Bank will give a reasonable notice period to borrowers before taking a decision to recall / accelerate repayment of a credit or demanding performance under credit agreements or seeking additional securities / higher margins / higher pricing / reduction in dues / etc. This, however, will not be applicable in cases where trigger events (also termed "events of default") are already specified in the credit documents, on the happening of which the Bank may at its discretion recall / accelerate repayment of the credit or demand performance under the agreements or seek additional securities / higher margins / higher pricing / reduction in dues / etc.
- i. In respect of recovery of outstanding dues, the Bank shall adopt fair methods in accordance with its policy on collection of dues and repossession of security
- j. The Bank will release all securities on full repayment / realization of a credit to the satisfaction of the Bank, subject to any legitimate right or lien for any other claim the Bank may have against the borrower. Where such right of set off is exercised, the borrower will be given a notice about the same with full particulars of the remaining claims and the documents under which the Bank is entitled to retain the securities till the stated claims are settled / paid.

GRIEVANCE REDRESSAL

All disputes in respect of the Bank's actions/decisions concerning loans and advances shall be dealt with in accordance with the grievance redressal procedure of the Bank.