

Classification: Internal

Annexure 7: Fair Practice Code for Lenders

Fair Practice Code for Lenders lays down a transparent Policy regarding any transactions of the Bank with its borrowers, co-applicants and guarantors (collectively referred to as “borrower(s)” in the rest of this document, as the context requires). This Policy is applicable for all loan products offered by the bank.

Guidelines

This policy governs all designs and functions of various loan products offered by the Bank along with all the terms & conditions stipulated with them. This policy recognizes the rights of borrowers and acts as a helpful tool for providing information to prospective borrowers regarding their loan application, processing of loan till post disbursement activities, any services requirement and closure of the loan.

Loan Application and Processing

The Bank will ensure that the Loan Application Form is provided free of cost, which needs to be submitted by the Borrowers. Generally, the Bank will collect all details required for processing at the time of submission of Loan application. However, in case any additional details are required, the Bank will contact the Borrowers to collect the required information.

The Bank will put in place an Exhaustive Loan Application Form in terms of particulars of details and information to be furnished by the borrowers irrespective of applied loan amount. The borrower will be provided information regarding Rate of Interest, Processing Fees and any other charges such as:

- a) Applicable Fees for processing the Loan Application & any other charges for executing the documentation of the Loan.
- b) Refundable Amount (if any), in case Bank has “Rejected” the Loan Application.
- c) Applicability of Part-Payment, Pre-Payment and any other misc. charges, (if any).
- d) Charges like any penal interest for the overdue instalments, bounce charges, charges pertaining to loan servicing and conversion from fixed to floating rate, etc.

The Bank will provide an acknowledgement for receipt of loan application with the borrower. An indicative time frame regarding processing of the loan proposal will also be mentioned in the same.

In case the Bank has “Rejected” the Loan Application made by the Borrowers, the Bank will convey in writing the reason(s) which led to rejection of the Loan proposal basis the Banks internal risk guidelines, normally within a reasonable time.

For Non-Digital Loans: The Bank will normally decision the loan proposal made by the borrowers within 30 working days for proposals up to Rs. 20 Lakh and 45 working days for proposals above Rs. 20 Lakh, if any additional information/ documents is required then it shall be communicated to Borrowers immediately.

For Digital Loans: The Bank will provide decision of loan applications immediately once the application is submitted through digital application. For applications which would require specific approvals as per DOA matrix, then the timeline within which the decision would be provided should be clearly communicated.

Assessment of Loan and Terms & Conditions

The Bank shall conduct proper assessment of loan application of the borrowers and the Bank will undertake a holistic assessment of the credit worthiness and credit requirement of the prospective borrower.

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The Bank may cater to borrowers who may not have substantial income documents to substantiate their income. However, to assess such category of borrowers, the Bank will find other ways to evaluate the credit worthiness and credit requirements of this segment of customers. The Bank in accordance with its Risk Appetite, Credit Policy and Regulatory Guidelines would conduct the appropriate level of due-diligence.

Loan proposals are sanctioned based on the established underwriting guidance's that is mentioned in detail in Bank's internal Credit & Product Policy. Bank officials will diligently ensure adherence to the credit policies while approving and rejecting any loan proposals.

The Bank will verify through its officials, or through Bank's automated processes, the details furnished by the borrowers in the loan application form or information gathered after borrower's consent, and by contacting the Borrowers.

The Bank shall convey to the borrower the credit limit along with the applicable terms and conditions and other caveats governing the credit facilities proposed by the Bank. The Bank shall keep the borrower's acceptance of these terms and conditions given with his full knowledge on record and the agreement which will serve as a legally binding document between the Bank and the borrower.

The Bank will also provide authenticated copies of all the Loan Facility Agreement along with the enclosures listed in the same to the borrower at the first instance and afterwards on request.

The Bank would allow the Borrower to utilize the limit sanctioned on the duly accepted terms & conditions by the Borrowers. However, in case of any special request made by the Borrower as mentioned below or any other, the Bank will reserve the right for taking the final decision on such occasions.

- a) Drawing beyond the limit sanctioned as stated in Loan Agreement & Terms of Sanction.
- b) Drawing for purpose other than the purpose stated in the Loan Application or any other document.
- c) Any special request for revocation/ removal of any initial agreed Terms of Sanction.

For Digital Loans: Bank will provide a Key Fact Statement (KFS) to the Customer before the execution the Loan Agreement in a standardized format for all digital lending products. The KFS will, apart from other necessary information, contain the details of Annual Percentage Rate (APR), the recovery mechanism, details of Grievance Redressal Officer designated specifically to deal with digital lending/ FinTech related matters and the cooling-off/ look-up period. Further, wherein applicable, the APR shall also include the insurance premium which is intrinsically linked to the Loan Product. Any fees, charges, etc., which are not mentioned in the KFS will not be charged by the company to the customer at any stage during the term of the loan.

Bank shall follow RBI Guideline¹ 'Guidelines on Digital Lending' for all digital loans.

Any change/addition in an existing Loan facility requested by the Borrower will be at the sole discretion of the Bank based on its internal policies and risk assessment. Any decision regarding fresh application by the Borrower will be taken only after fulfilment of all its internal assessments laid down in Internal Credit policy.

Exchange of Information with Credit Information Companies (CICs)

The Bank shall explain to the Borrowers the role of Credit Information Companies (CICs), checks undertaken with the CICs and the effect that the information the CICs provides can have on the customer's ability to avail loan and for decision making regarding granting of loan to the Borrowers.

¹ Guidelines on Digital Lending- RBI/2022-23/111DOR.CRE.REC.66/21.07.001/2022-23; [Reserve Bank of India - Notifications \(rbi.org.in\)](https://www.rbi.org.in)

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The Bank shall disclose information about loans availed by the Borrowers to the CICs at periodic intervals on any defaults in repayment and then update the regularisation of the loan account in the next report. Bank shall report to all the CICs in India in compliance to the RBI Circular.

Disbursement of Loans

The Bank will ensure timely disbursement of sanctioned credit facility after compliance with all terms and conditions governing the same. The Bank shall give notice of any change in the terms and conditions including interest rates and such other service charges in writing (as per the accepted modes of communication for e.g. print, email, SMS etc.), which shall be effected only prospectively.

The Bank will also provide an amortization schedule for term loans. Borrowers will be required to furnish periodic information to enable monitoring and review of loan facilities from time to time as per the terms of the sanction and as and when the bank believes that it needs the information in case of an event which could have material impact on the borrowers' business and / or the bank's Loan.

Renewal of loan facilities will be basis the borrowers providing the necessary information and documentation for periodic review of the facilities as given above as well as prior to the renewal date of the facilities as mentioned in the terms and conditions specified in the loan agreement and terms of sanction. The Bank may review whether to allow further drawing or not in the event of fresh information about the borrower becomes available or known.

Borrowers with loan facilities which are charged on a floating rate basis will be communicated of every change in External Benchmark Lending Rate (EBLR). Further, for loan facilities linked to other benchmark rates (as may be specified by the Reserve Bank of India from time to time), any revision in the benchmark rate will be communicated to the borrower(s), the commutation may be by way of notification in Banks official website or e-mail or SMS or letter to the Borrowers, etc.

Confidentiality of Borrowers Information

All personal information of the Borrowers would be kept confidential and would not be disclosed to any third party unless agreed to by the Borrowers.

The word 'Third Party' excludes all Law Enforcement Agencies, Banks Empanelled Vendors, Credit Information Companies, Reserve Bank of India and other Banks and Financial Institutions. The Bank would disclose the Borrowers information only under the following circumstances:

- a) If the Bank is compelled by the Governing Law in Force.
- b) If the same is in Public Interest to disclose the information.
- c) If disclosing the same would protect Bank's interest.
- d) If it is to be disclosed to protect national security.

The Bank declares and undertakes:

- a) The Bank will not discriminate among its Borrowers on the basis of religion, caste, creed, sex or descent.
- b) The Bank will provide professional, efficient, courteous, diligent and speedy services.
- c) The Bank would be fair and honest in marketing & advertising its Products and Services.
- d) The Bank will provide its Borrowers with accurate and timely disclosure of terms, costs, rights and liabilities with regard to loan transactions and if sought, to provide such assistance or advice to the Borrowers in contracting loans
- e) The Bank would comply with all the regulatory requirements with regard to lending activities.

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The Bank will not involve itself in the affairs of the Borrowers except for those already mentioned under the Loan Agreement, unless new information which in the opinion of the bank could have an adverse impact on the interests of the Bank comes to surface. In such instance, the Bank will have the right to seek and elicit the information required to safeguard the Bank's interest. This however does not imply that the Bank's right of recovery and enforcement of security as per law as well as appointment of nominee director, where required, is affected by this commitment.

The Bank reserves the right to enforce security for recovery of dues in the form and manner as it deems fit in case of default in payment or on the occurrence of any other event of default. However, in the matter of recovery of loans, the Bank will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of force for recovery of loans etc.

In case of receipt of request for transfer of loan account, initiated either by the borrower or from another bank, offering to take-over the credit facility, the Bank's final consent or objection will be conveyed within 21 days from the receipt of request.

Display of Information

The Bank will display information related to interest rates and service charges in the formats prescribed by RBI from time to time. The Bank shall ensure that the latest information is placed on its website for the Borrowers to make an informed decision.

Apart from that the Bank shall place the following on its website:

- a) How to apply for a Loan.
- b) Details of Loan Products offered by the Bank.
- c) Specific product details like Rate of Interest, Tenure, Loan Quantum.
- d) Fair Practise Code adopted and also shall be displayed in the Bank's branches.

Customer Grievance Redressal, Complaints and Feedback

The Bank has a "Customer Grievance Redressal Policy" in place which governs the redressal procedure for handling customer complaints. Customer Grievance Redressal policy document aims at minimizing instances of customer complaints and grievances through proper service delivery and review mechanism and ensure prompt redressal of customer complaints and grievances. In case the Customer complaint is partially closed/rejected or remained partly or wholly un-attended shall refer to Internal ombudsman (IO) of the Bank.