

FAIR PRACTICE CODE FOR LENDING

Introduction

On the basis of recommendations of the working group on Lenders Liability laws constituted by the Government of India, RBI has issued guidelines for introducing Fair Practices Code for lenders and advised to adopt broad guidelines and frame the fair practices code.

DCB Bank's Fair Practice Code for Lenders aims to put in place a transparent Policy regarding the transactions of the Bank with its borrowers, co-applicants and guarantors (collectively referred to as "borrower" or "applicant" in the rest of this document, as applicable).

Scope:

This Policy is applicable for all lending products offered by the bank including micro-finance loans.

1. Applications for loans and their processing

- Loan application forms will include information about the fees/charges or on the website, if any, payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower. Details available on the website is updated from time to time.
- Loan applications shall be properly acknowledged. If all the required information and documents are made available, the proposal for facilities upto Rs. 5.00 lacs shall be disposed off in 2 week's time and others not exceeding 4 weeks.
- The bank should convey in writing the main reason/reasons which, in the opinion of the bank after due consideration, have led to rejection of the loan applications within the above stipulated time.
- There shall not be any discrimination on the grounds of sex, caste and religion in lending

2. Loan appraisal and terms/conditions

- All terms and conditions shall be transparent in the sanction communication and acceptance thereof by the borrower shall be kept on record, along with loan/security documents.
- Margin and availability of security shall not be substitute for due diligence on credit worthiness of the borrower.
- A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to the borrower.
- The borrower shall be communicated of credit facilities that are solely at the discretion of lenders. These may include approval or disallowance of facilities, such as, drawings beyond the sanctioned limits, honouring cheques, issued for the purpose other than specifically

agreed to in the credit sanction, and disallowing drawing on a borrowal account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction. It may also be specifically stated the bank does not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits or where the bank has reached the peak of exposure on the client

3. Disbursement of loans including changes in terms and conditions

- The Bank will ensure timely disbursement of sanctioned limits after documentation formalities are completed and all the terms and conditions of sanction are complied with.
- Any changes in terms and conditions, including interest rates, service charges etc. shall be notified to the borrowers/guarantors. Such changes shall only have a prospective effect.
- Borrowers will be required to furnish periodic information to enable monitoring and review of credit 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 facilities.
- The Bank may review whether to allow further drawing or not in the event of fresh information about the borrower becomes available or known
- For credit 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 through the website or any other means of communication.

4. Post disbursement supervision

- Adequate notice to be given to borrowers before taking decisions to recall/accelerate payments or performance under the agreement or seeking additional securities.
- All the securities shall be released on receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim the bank may have against the borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the documents under which the bank is entitled to retain the securities till the relevant claim is settled/paid.

5. General

- Interference into the affairs of the borrower shall be restricted only to the extent provided in the terms and conditions of the sanction, unless new information, not earlier disclosed by the borrower, has come to the notice of the Bank, which warrants further interference.
- Borrowers shall not be unduly harassed in the recovery process. When customers do not adhere to the repayment schedule and become delinquent, the BC staff or any person authorized by the bank will follow up with the customer for collection of dues through written communications, telephonic reminders or visits by its representatives to the borrowers place

or residence. The Bank will follow the Policy on Collection of Dues and Repossession of Securities in letter and spirit.

- Adequate trainings of Code of Conduct for BC employees are conducted by DCB Employees in a periodic basis.
- The consent or otherwise [NOC] for transfer of account at the request of borrower or of a bank/financial institution shall be conveyed within 21 days from the date of receipt of such request.
- Borrowers' complaints shall be examined as per the Grievance Redressal Policy of the Bank
- Bank shall provide a clear, concise, one page key fact statement/ fact sheet/schedule, as per prescribed format, to all individual borrowers as and when required across various stages of the loan processing as well as in case of any change in any terms and conditions

Review of the Policy:

This policy will be reviewed by the Board once in three years or earlier in case of any event requiring review, e.g change in business scenario or change in regulatory guidelines
