

IDBI BANK LTD.

Fair Practices Code for Lending

1. Introduction

This document is the Bank's Fair Practices Code for Lending, which is a voluntary 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 both Corporate Lending and Retail Lending. 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.

2. Short title and commencement

2.1 This Code is called IDBI Bank Ltd. Fair Practices Code for Lending.

2.2 This Code is made pursuant to the Directives of Reserve Bank of India, vide Circular No:DBOD.Leg.No.BC.204/09.07.007/2002-03 dated May 5, 2003.

2.3 This Code is applicable to all members of staff of IDBI Bank Ltd.

2.4 The Board of Directors of the Bank may modify the Code from time to time.

3. Applications for Loan and its Processing

3.1. Application for loan in the loan application form/Loan related important document (LRID) shall be comprehensive to include information about rate of interest (fixed/floating) and manner of charging (monthly/quarterly/half yearly/yearly), process fees and other charges, penal interest rates, pre-payment option and any other matter which materially affects of the interest of the borrower. The LRID would be retained with the applicant for his future reference and would also act as an acknowledgement for the applicant for having submitted the application form. (A copy of the filled application form duly signed by the borrower would also be retained by the borrower). It is expected that credit application from borrower will be completed in all aspects and be accompanied by all supporting documents specified by the Bank.

3.2. The Bank will verify/ process a completed loan application within a reasonable period of time of seven working days (the minimum time expected to complete the processing of the application would be indicated in the LRID) and all necessary contact details like telephone numbers, mail ID which the applicant can use to contact the Bank in case of delay or any other dispute would also be indicated in the LRID as also displayed on the web-site of the Bank, and if any additional details/document are required, these will be sought from the customer through a Letter /Email/ Telephone call addressed to the applicant or through the agencies.

3.3. LRID would also state the amount of processing fees paid or to be paid and the extent to which such fees shall be refunded after deducting necessary charges in the event of rejection of any application for loan.

3.4. In case of rejection of any loan application, the Bank will convey in writing the main reason for the rejection within a reasonable time period.

4. Loan Appraisal and Terms and Conditions

4.1. The Bank will undertake an appropriate level of due-diligence on the credit worthiness of the borrower and assessment of the need based credit/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 and the credit limit/Loan which may be sanctioned would be communicated to the borrower.

4.2. All the terms and condition and other caveats will be duly communicated by an authorized official of the Bank to the customer in writing.

4.3. The acceptance of the customer will be obtained on the sanction letter with the customer's signature under the caption - "I/We accept all the terms and conditions as stipulated by you for granting the said credit facilities, which have been read and understood by me/us".

4.4. A Copy of the loan agreement along with all the enclosures/disclosures mentioned in the loan agreement will be made available to the customer at the time of issue of the sanction letter.

4.5. 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 permit utilization:

- (i) beyond the sanction limit; or
- (ii) for the purposes other than specifically agreed to in the credit sanction; or
- (iii) in a credit classified as a non-performing asset; or
- (iv) When terms and condition are not complied with.

4.6. Bank is not obligated to meet further financial requirements of the borrower. Fresh credit facility or credit enhancements or renewal of existing credit limits will be at the discretion of the Bank and will be subject to review of the existing credit facilities and the borrower's credit worthiness/business.

5. Disbursement of the loans including changes in the terms and conditions:

5.1. The Bank will ensure timely disbursement of the credits sanctioned, on execution/ submission of all documents, creation of security and compliance of all sanction 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 the sanction. (The expected timelines would be mentioned in the LRID).

5.2. The Bank will give Suitable notice in advance of any change in the terms and conditions of the lending, including revision in services charges etc, except revision in rate of interest which would be governed by terms of the loan agreement, as would be applicable from time to time.

6. Post disbursement supervision

6.1. 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 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 of dues etc.

6.2. The Bank will release all securities on full repayment/realization of a credit to the satisfaction of the Bank, subject to a 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.

7. General Practices code while lending

7.1. In the matter of lending, the Bank will not discriminate on grounds of gender, caste and religion. However, this does not preclude the Bank from participating in credit linked schemes framed for weaker section of the society.

7.2. Bank would restrain from interfering in the affairs of the borrowers except to the extent provided in the terms and condition of the loan sanction documents, unless new information, not earlier disclosed by the borrower, has come to the notice to the Bank. In such event, the Bank will have the right to elicit necessary information from the borrower and initiate action to safeguard the Bank's interest.

7.3. In the matter of recovery of the loans, the Bank will not resort to undue harassment such as persistently bothering the borrowers at odd hours and use of the muscle power. The Bank will adopt fair methods for the same

7.4. In case of receipt of request for transfer of borrower account, either from the borrower or from the another Bank/Financial Institution, which proposes to takeover the loan, the Bank's consent or objection, if any, shall be conveyed to borrower within 21 days from date of receipt of the request.

8. Grievance Redressal

8.1. The Bank, has in place, a Board approved Grievance Redressal Policy, which is based on the principle that the customers must be treated fairly at all times. The detailed Grievance Redressal procedure to be followed in case of Banking complaints, as well as the name and contact details of the Bank's Grievance Redressal Officers, is given under Customer Care page of the Bank's website www.idbi.com. The Bank's toll free numbers reachable from any landline/Mobile Phones are 1800-22-1070 and 1800-200-1947.