

Fair Practices Code for Lenders Adopted by DBS Bank

1. Short title and recital

The code set out below is in pursuance of the directions contained in Reserve Bank of India Circular No. DBOD Leg.No. BC.104/09.07.007/2002-03 dated 5 May 2003, and shall henceforth be called the Fair Practices Code for Lenders Adopted by DBS Bank (hereinafter referred to as “the Code”).

It is to be noted that there are specific guidelines pertaining to Loan Applications for loan amounts of upto INR 200,000. (points 2.(i) (a), (b), (c) and (d) in the guidelines). DBS Bank does not currently offer personal loans at all, nor corporate loans for amounts upto INR 200,000. Accordingly, this Code prescribes only the action points for higher loan amounts pertaining to Corporate, Enterprise and Financial Institutional clients.

In the event that the Bank commences the business of small value loans (i.e. below INR 200,000), this Code will be amended accordingly.

2. Applications for Loans and their processing:

NA – as mentioned above

3. Loan appraisal and terms and conditions

a) **Assessment of Application** – Assessment of the proposal should be predicated on the borrower’s credit standing and his ability to service the debt obligation based on the financial and operational track record and prospects. Margin and security should not be used as a substitute for due diligence on the credit worthiness of the borrower.

b) **Communication of Sanction** – Sanction of the credit limit will be conveyed to the borrower vide the Bank’s Facility Offer letter. The borrower’s acceptance of the said document (and related documents) will be obtained and kept on our records.

c) **Terms and Conditions of Sanction** – The Facility Offer Letter (definition to include the Facility Offer Letter and all accompanying documents) containing the terms and conditions and other caveats governing credit facilities will be issued to the borrower signed by the authorised official(s) of the bank. A copy of this letter along with a copy each of all enclosures quoted in the letter will be made available to the borrower.

Clarity in Loan Arrangement – As far as possible, the Facility Offer Letter should clearly stipulate that credit facilities are solely at the discretion of DBS Bank, including approval / disallowance of facilities, such as, drawings beyond the sanctioned limits, drawing for 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.

d) **Consortium Arrangement** – In case of lending under consortium arrangement, procedures will be evolved by the participating banks/lending agencies, including DBS Bank, to complete appraisal of proposals in a time-bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

4. Disbursement of loans including changes in terms and conditions

Timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanctions will be ensured. Notice will be given to the borrower in respect of any change in the terms and conditions including interest rates, service charges, etc. Changes in interest rates and charges will be effected only prospectively, unless required under regulations or by mutual agreement/to the extent communicated in the Facility Offer Letter, to be applied retrospectively.

5. Post disbursement supervision

- a) **Post disbursement Supervision** – Post disbursement supervision, shall be constructive with a view of taking care of any “lender-related” genuine difficulty that the borrower may face.
- b) **Recalling / Accelerating the Payment / Performance or Seeking of Additional Securities** – Decision to recall / accelerate payment or performance under the agreement or seeking additional securities by lenders shall be preceded by notice to borrowers, as specified in the Facility Offer Letter or a reasonable period, if no such condition exists in the Letter.
- c) **Release of facilities** – On receiving payment of loan or realization of loan subject to any legitimate right or lien for any other claim against the borrower, all securities will normally be released to the borrower. Where right of set off is to be exercised, borrowers will be given notice about the same with full particulars about remaining claims and the documents under which Bank is entitled to retain the securities till the relevant claim is settled / paid.

6. General

- a) **Non interference** – The Bank will not interfere in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents, unless new information, not earlier disclosed by the borrower, has come to the notice of the Bank.
- b) **No Discrimination** – The bank will not discriminate on the grounds of sex, caste and religion in the matter of lending. However the Bank may participate in credit-linked schemes framed for weaker sections of society.
- c) **No unfair measures for recovery** – In keeping with DBS Bank’s customer friendly tradition, the Bank will not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. for recovery of loans.
- d) **Issue of No-Objection Certificate** – In case of receipt of request for transfer of borrowal account, either from the borrower or from a bank / financial institution, which proposes to take over the account, the consent or otherwise i.e. objection of the Bank, if any, will be conveyed within 21 days from the date of receipt of request.

7. Grievance Redressal

The Bank has already adopted a Complaint Handling Procedure with the objective of highlighting and redressing grievances.

This Code is submitted for approval of the India Management Committee