



Sumitomo Mitsui Banking Corporation Fair Practice Code for Lenders

Version: 2.0

Policy Owner:

Operations Department –SMBC New Delhi

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1. Introduction

As directed by the Reserve Bank of India vide circulars DBOD. Leg. No.BC. 104 /09.07.007/2002-03 and DBOD.No.Leg.No. BC.65/ 09.07.005/2006-07 dated March 6, 2007; SMBC has decided to adopt the Lender's Fair Practice Code as approved by Management committee with a view to setting out fair lending practices in a transparent manner. The salient features of the same are:

1.1. Loan application and processing

- a. In the loan sanction terms, SMBC will provide comprehensive information including information about fees and charges if any, payable for processing and amount of such fees refundable in case of non acceptance of application, pre-payment options and any other matter which affects the interest of the borrowers to prospective borrowers of all categories of loans, irrespective of the amount of loan sought by them.
- b. SMBC will provide acknowledgement for receipt of all loan requests
- c. SMBC will verify the loan request within a reasonable period of time.

SMBC will convey in writing the main reason/s which, in the opinion of SMBC after due consideration have led to rejection of the loan request in case of all categories of loans irrespective of any threshold limits, within a stipulated time.

1.2. Loan appraisals and Terms & Conditions

- a. SMBC will ensure that there is proper assessment of credit applications made by the borrower.
- b. SMBC will convey to the borrower the credit facilities sanctioned along with the terms and conditions thereof, and keep the borrowers acceptance of these terms and conditions given with his full knowledge on record.
- c. The terms and conditions and other caveats governing credit facilities given by SMBC will be produced in writing and duly certified by the authorised official. On demand being made, SMBC will provide a copy of the loan agreement to the borrower.

- d. The credit facilities extended are solely at the discretion of SMBC, as stipulated in the loan agreement. SMBC does not have any obligation to meet additional requirements of the borrower/s on account of growth in business etc. without proper review of credit limits.
- e. Under consortium arrangement, SMBC would endeavor to evolve procedures to complete appraisal of proposals in a time bound manner to the extent feasible, and communicate its decisions on financing or otherwise within a reasonable time.

1.3. Disbursement of Loans (including changes in terms and conditions)

SMBC will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. SMBC will give notice of any change in the terms and conditions including interest rates, service charges etc. to the borrower and ensure that changes in interest rates and charges are made prospectively.

All the proposals for credit facilities will be disposed / decisioned as per the below mentioned schedule, on - receipt of duly completed loan application with all requisite information and supporting documents or request letter accompanied with requisite information and supporting documents:

| | |
|--|-------------------------|
| Priority Sector / MSME / Export Credit | |
| Upto INR 25000/- | Within two weeks* |
| Above INR 25000 to INR 5 lakhs | Within four weeks* |
| Above INR 5 lakhs | With in 8 weeks* |
| Export Credit | Within 45 working days* |
| Other (Non Priority Sector) | |
| All Other | Within 9 weeks* |

* The above time frame is subject to availability of all the requisite information, documents, reports as deemed fit by the bank, for decision making.

1.4. Post disbursement supervision

- a. Post disbursement supervision by SMBC will be constructive with a view to taking care of any “lender related” genuine difficulty that the borrower may face.
- b. Before taking a decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, SMBC will give notice to borrowers as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- c. SMBC will release all securities on receiving payment of loan or realisation of loan subject to any legitimate right or lien for any other claim that SMBC may have against borrowers. If such right of set off is to be exercised, borrowers will be given notice about the same with full particulars about the remaining claims and the provisions under which SMBC is entitled to retain the securities till the relevant claim is settled/ paid.

1.5. General

- a. SMBC will restrain from interference 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 SMBC).
- b. SMBC will not discriminate on grounds of sex, caste and religion in the matter of lending.
- c. In the 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 SMBC, if any, will be conveyed within 21 days from the date of receipt of request

1.6. Grievance Redressal

Disputes arising in regard to sanction of loans and advances will be referred to Branch Head for as per the SMBC Grievance Redressal policy.