

POLICY ON BANK'S CODE OF COMMITMENT – POLICY ON COLLECTION OF DUES & REPOSSESSION OF SECURITY

1. Policy Overview

The debt collection policy of the Bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The Bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

All the members of the staff or any person authorized to represent our Bank in collection or/and security repossession would follow the guidelines.

2. Policy Details

2.1 Policy Definition

(i) The “Code of Bank’s Commitment to Customers” is a voluntary code setting minimum standards of banking practices for banks to follow when they deal with individual customers. Based on the Indian Banks’ Association’s (IBA) Model Policy on the captioned subject, our Bank resolved to adopt the “Code” and the Board in its meeting held on 29.03.2007 had approved the ‘Policy on Collection of Dues and Repossession of Security’, which was circularized to all the branches and placed on the Bank’s web site too.

(ii) Thereafter, from time to time, amendments were done by the IBA/BCSBI and accordingly, Bank’s Policy was also amended, in uniformity of the same.

2.2 Policy Details

2.2.1 Introduction

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The repayment schedule for any loan sanctioned by the Bank will be fixed taking into account the paying capacity and cash flow pattern. The Bank will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or payments through any other mode of repayment will be appropriated against interest and principal due from the customers. The Bank would expect the customer to adhere to the repayment schedule agreed to and

approach the Bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

Bank's security repossession policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The security repossession procedure would be set in motion only after all attempts by the Bank to discuss with the borrower the ways and means to overcome the financial hurdles have failed. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the Bank for follow up and recovery of dues and repossession of security will be in consonance with the law.

2.2.2 General Guidelines

All the members of the staff or any person authorized to represent our Bank in collection or/and security repossession would follow the guidelines set out below:

- i. The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.
- ii. Identity and authority of persons authorized to represent Bank for follow up and recovery of dues would be made known to the borrower at the first instance. The Bank staff or any persons authorized to represent the Bank in collection of dues or / and security repossession will identify himself / herself and display the authority letter issued by the Bank upon request.
- iii. The Bank would respect privacy of its borrowers.
- iv. The Bank is committed to ensure that all written and verbal communication with its borrower will be in simple business language and Bank will adopt civil manners for interaction with borrowers.
- v. The Bank's representatives shall contact the borrower between 08:00 a.m. and 07:00 p.m., for recovery of overdue loans/NPAs, etc. except for micro-finance Borrowers. Hours of calling to micro-finance Borrowers shall be 09:00 a.m. to 06:00 p.m. Borrower's request to avoid calls at a particular time or at a particular place would be honored as far as possible.
- vi. The Bank will document the efforts made for the recovery of dues and the copies of communication sent to the borrowers, if any, will be kept on record.
- vii. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- viii. During visits to borrower's place for dues, collection, decency and decorum would be maintained. Our officials/agents will not resort to intimidation or harassment of any kind, either verbal or physical against any person, including acts intended to humiliate publicly or intrude the privacy of

borrower's family members, referees and friends, making threatening and anonymous calls or making false and misleading representations. However, it is borrower's responsibility to keep updating his/her contact details. In case the bank is unable to contact borrower at the details provided, the bank will access information available from public sources and approach borrower's friends/relatives to trace his/her.

- ix. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls / visits to collect dues.
- x. We will investigate any complaint from borrower about unfair practices of our recovery agents.

2.2.3 Giving notice to the borrowers

While written communications, telephonic reminders or visits by the Bank's representatives to borrower's place or residence will be used as loan follow up measures, the Bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. The notice shall be given by Registered Post with Acknowledgement Due. Any genuine difficulties expressed/ disputes raised by you will be considered. However, where the Bank has reasons to believe that you are avoiding acknowledgement, it will follow all such procedures as required under law for recovery / repossession of security.

2.2.4 Repossession of security

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. The Bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business and necessary cost will be charged to you.

2.2.5 Valuation and sale of property

Valuation and sale of property repossessed by the Bank will be carried out as per law and in a fair and transparent manner. The Bank will have right to recover from the borrower the balance due if any, after sale of property. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses, provided the Bank is not having any other claims against the borrower.

In the case of hypothecated assets after taking possession if no payment is forthcoming, a Sale Notice of 7 days' time to respond will be sent to the borrower. Thereafter, the Bank will arrange for the sale of the hypothecated assets in such a manner as deemed fit by the Bank. In respect of cases under SARFAESI Act as

per the provisions of the Act, 30 days' notice of sale will be sent. When public auction or by tender is envisaged, the same will be published in two leading newspapers, out of which one is in local vernacular paper.

2.2.6 **Opportunity for the borrower to take back the security**

As indicated earlier in the policy document, the Bank will resort to repossession of security only for purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly, the Bank will be willing to consider handing over possession of property to the borrower any time after repossession and before sale transaction of the property takes place, provided the Bank dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule which resulted in the repossession of security, the Bank may consider handing over the property after receiving the installments in arrears. However, this would be subject to the Bank being convinced of the arrangement made by borrower to ensure timely repayment of remaining installments in future. If the amounts are repaid, either as stipulated by the Bank or dues settled as agreed to by the Bank, possession of seized assets will be handed back to the borrower/person concerned within 7 days after date of permission from competent authority of the Bank or court/DRT concerned if recovery proceedings are filed and pending before such forums.

2.2.7 **Engagement of Recovery Agents**

The Bank may utilize the services of Recovery Agents for collection of dues and repossession of securities. Recovery Agents will be appointed as per regulatory guidelines issued in this regard. In this respect:

- (a) The name and address of all the Recovery Agents on the Bank's approved panel will be placed on the Bank's website for information of all the concerned.
- (b) Recovery Agents from the approved panel only will be engaged by the Bank.
- (c) In case Bank engages service of such recovery/enforcement/seizure agent for any recovery case, the identity of the agent will be disclosed to you.
- (d) The Recovery Agents engaged by the Bank will be required to follow a code of conduct covering their dealings with customer.